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## Messages by Clinton and Rubin Reverberate in Asia

Treasury Chief 'Very Concerned' About Japan

President Calls China's Course 'Morally Right'

By Stephanie Strom  
New York Times Service

SEOUL — During the last stop of his six-day, four-country sweep of Asia on Wednesday, Treasury Secretary Robert Rubin made his most pointed comments about a country he did not even visit, Japan.

Meeting with South Korean business, labor and political leaders, Mr. Rubin stressed again and again the "enormous importance of getting Japan back on track to support growth in Korea and the region in general."

Mr. Rubin said he was "deeply, deeply concerned" about the yen's recent slide against the dollar, but he dodged questions about whether the

U.S. government would again step in to prop up the Japanese currency with the standard response that it would move if and when intervention was deemed necessary.

And on the eve of the unveiling of Japan's latest plan to overhaul its financial system, Mr. Rubin exhorted Japanese officials to come up with a credible solution.

"The most important key with respect to economic conditions in Japan is to restructure its banking system in an efficient fashion that wins the approval

of the world financial markets," he said.

Mr. Rubin's decision not to include Japan on his trip has been a subject of intense discussion in Asia, where Japan's inability to come up with a plan to get its economy back on track is seen as prolonging the region's woes.

The detour around Japan by both Mr. Rubin and President Bill Clinton is widely regarded as a snub toward one of the most devoted U.S. allies and has raised speculation here about a realignment of American interests.

In his meeting Wednesday with Mr. Rubin, President Kim Dae Jung of South Korea wondered aloud whether

By John M. Broder  
New York Times Service

SHANGHAI — President Bill Clinton said Wednesday that the United States did not seek to dictate to China the path of its development, but asserted that China's current course of economic liberalization and greater personal freedom was "morally right."

In an interview with China's main government-run television network, Mr. Clinton said that America's status as the lone superpower did not give it the right to use its economic and military might to impose its values on China or any other nation. But he said that he would continue to speak out on behalf of democracy and individual liberty.

The interview with China Central Television, to be broadcast Thursday, will be Mr. Clinton's last opportunity on his nine-day visit to speak directly to a mass Chinese audience. The White House sought the interview because an

Asians react with some anxiety to Clinton's trip to China. Page 6.

earlier interview with CCTV, held before Mr. Clinton left Washington, was heavily edited by Chinese authorities and received little notice in China.

Mr. Clinton was asked whether the world needed a single leader to mediate the disputes within and among nations.

"The short answer to your question is

yes, the world needs a leader, but not in the sense of one country telling everyone else what to do," Mr. Clinton said. "So it's a different sort of world leadership than in the past, where it's just a question of who has the biggest army gets to send a list of instructions to another country and you think it will be done. That's not the way the world works now."

He gave as examples the United States' intervention in Bosnia and Haiti and its efforts to mobilize other nations to combat drug trafficking, weapons proliferation and ethnic conflict. He said the way to get results in the post-Cold War world was to forge alliances

See CLINTON, Page 6

## Hong Kong Is Somber on Anniversary

China's Leader Cautions On Economic Outlook

By Keith Richburg  
Washington Post Service

HONG KONG — There were no fireworks and no floats, no all-night raves and no kitschy souvenirs. And this time there were no homing pigeons symbolically finding their way back to their motherland.

Instead, a more subdued Hong Kong marked the first anniversary Wednesday of its return to China with a low-key series of mostly invitation-only events — and with some sober warnings from the Chinese and Hong Kong leaders that tough economic times lay ahead.

"The turmoil is not over," said President Jiang Zemin, speaking before a gala variety show at Hong Kong's coliseum. "Hong Kong's economic difficulties will continue for a while."

But Mr. Jiang promised that China would assist the territory, using the mainland's large trade surplus, and he repeated his vow that China would not devalue its currency, the yuan.

President Jiang also praised Hong Kong's year-old autonomy formula — known here as "one country, two systems" — and he said its success showed it could also be used as a model for Taiwan's eventual reunification with the mainland.

He called the formula "an example for Macao's smooth return to the motherland and for the final settlement of the Taiwan question."

Macao, a Portuguese-run enclave, reverts to Chinese control next year under an autonomy formula similar to Hong Kong's. But officials in Taiwan have repeatedly rejected any attempt to apply the same model there, saying the Republic of China government already exercises sovereignty over the breakaway island.

Taiwanese leaders have consistently said there can be no reunification with China until the mainland becomes more democratic.

President Jiang's promise to help Hong Kong revive its sagging economy illustrated a remarkable turnaround in

See HONG KONG, Page 4



President Jiang Zemin waving Wednesday to onlookers at a shopping mall in Hong Kong.



President Clinton mingling Wednesday with some owners of private homes in Shanghai.

## For Old Rivals, a Riveting World Cup Drama

By George Vecsey  
New York Times Service

SAINT-ETIENNE, France — Glenn Hoddle hears the word in English: vendetta. He calls it "a horrible expression."

The English coach has had to live 12 years with the emotion of being on the field when Diego Armando Maradona punched the ball into the net for the cynical "hand of God" goal that still haunts England, unabated.

"More than revenge, I dream of turning the score back to zero," Hoddle said recently. "That was the most bitter defeat in my career."

Now England has another ghastly World Cup memory, the penalty-kick shoot-out that ended

with Argentina on top Tuesday night, 4-3, after a 2-2 draw. As it was, the spirit of Maradona hunkered down over the foothills of the Massif Central. The cynical chicanery and the glittering skill of Maradona was renewed in his absence.

Each side had one goal produced by a penalty

English fans are devastated again. Page 20.

kick following an egregious flop. But then there was a dazzling 45-meter run and a crisp goal worthy of the snubby, old master — delivered by an 18-year-old boy with a big grin, Michael Owen, playing in his first World Cup.

Owen dominated the game for a half, and

might have won it with his natural moves and unnatural poise. But he was effectively taken out of the game by a teammate, who drew one of the more stupid red cards in this World Cup of mandated mass ejections.

In the second minute of the second half, with the score already tied, Diego Simeone, the Argentine captain, fell heavily on David Beckham, grinding his hand into Beckham's back, as soccer players are wont to do. Beckham, on the ground, retaliated with a backwards kick, but he foolishly did it with Kim Nielsen, the Danish referee, standing above him.

In 1986, the referee missed the flailing left hand

See ENGLAND, Page 20

## U.S. Gets Cold Shoulder at a Culture Conference

By Anthony DePalma  
New York Times Service

OTTAWA — Twenty nations, including some of the United States' closest friends, joined forces at an international conference here on Tuesday to protect themselves from what they see as grave threats to their cultures: free trade and the United States.

Officials from the 20 countries, including Mexico, Britain and France, came to Ottawa to discuss ways to keep culture from being treated purely as

commerce, which gives the American entertainment industry easy inroads into foreign markets.

Canada, which organized the meeting, set the tone by not inviting representatives of the United States.

Canadian officials argued that the United States was not included because it does not have a cabinet-level culture minister as do the other countries.

The representative from Mexico, Rafael Tovar y de Teresa, is president of the National Council for Culture and Arts, which is roughly the equivalent

of the National Endowment of the Arts in the United States.

Instead, the intent behind the snub seems to have been to keep the United States from imposing its view that Canada and many other countries hide behind culture to erect trade barriers.

Organizers closed the meeting to the public and to news organizations, they said, in order to encourage frankness, but after some embarrassment to the Canadians, the United States was allowed to

See CULTURE, Page 6

## General Motors Seems to Dig In For a Long Strike

By Frank Swoboda and Warren Brown  
Washington Post Service

WASHINGTON — As losses to General Motors Corp. near \$1.2 billion in the automaker's monthlong battle with striking union workers, both sides appear to have settled in for a long siege over a fundamental conflict between the company's demand to cut costs and a union's desire to save jobs.

Virtually all of GM's assembly plants have been closed by the strike at two Michigan parts plants, and bargaining sessions have proven fruitless. But many industry analysts said the company has little choice but to take a long strike — and accept the resulting decline in its market share and staggering monetary losses now — or face an even higher defeat later on in the global marketplace.

Nine times in the past two years, United Auto Workers unions have struck important GM plants over productivity demands by GM — and usually the company has backed down. It is not clear whether either side intended this strike to be a final test of wills. But now it may be too late.

The automaker faces new challenges from a resurgent Ford Motor Co. and a newly created dynamo, DaimlerChrysler. Both of GM's domestic

See STRIKE, Page 6

## VW and Volvo: What's Cooking?

By William Drozdiak  
Washington Post Service

BERLIN — Volkswagen AG of Germany, the largest automaker in Europe, has opened discussions with Volvo AB of Sweden on a business cooperation deal that many analysts predict could lead to a merger and accelerate a shake-up in the global car industry.

A Volvo spokesman acknowledged Wednesday that the company's chief executive, Leif Johansson, met secretly on Friday with his Volkswagen counterpart, Ferdinand Piech, at the Swedish company's headquarters in Gothenburg. But he refused to confirm reports of a corporate marriage. Volkswagen declined to comment.

But the prospect that some kind of alliance was imminent stirred enormous interest in the auto industry, which has been going through tumultuous change as companies strive to adapt to a revolution in global markets. Stock markets responded favorably to the news, with VW's shares hitting a record high on the Frankfurt exchange and Volvo shares also soaring.

Industry executives have predicted that the num-

See VW, Page 6

The Dollar			
New York	Wednesday, July 2, 1998	Previous Close	
DM	1.816	1.8084	
Yen	137.85	138.93	
FF	6.035	6.0325	
Pound	1.6577	1.6577	

The Dow			
Wednesday, July 2, 1998	Percent Change		
+96.65	9,548.67	+1.03%	
+14.72	1,148.56	+1.32%	
+19.72	1,914.46	+1.04%	

Newstand Prices			
Bahrain	1,000 BD	Malta	55 c
Cyprus	1,000 C	Nigeria	12600 Naira
Denmark	14.00 DKR	Oman	1,250 OR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	0.85 Rep.	Ireland	1.00
Great Britain	5.50 S.	Saudi Arabia	10 SR
Egypt	1.25 JD	U.A.E.	1.12 + VAT
Jordan	1.25 JD	U.A.E.	10.00 Dh
Kenya	1.25 SH	U.S. M.	1.20
Kuwait	700 Fils	Zimbabwe	20.00

## AGENDA

### U.S. Interest Rates Won't Rise

WASHINGTON (AP) — The Federal Reserve Board left short-term interest rates on hold Wednesday amid emerging signs that U.S. economic growth is finally slowing.

The Federal Open Market Committee concluded a two-day private meeting, signaling it had left the benchmark rate on overnight interbank loans unchanged at 5.5 percent. The decision was widely expected.

### Hubbell Tax Case to Be Dismissed

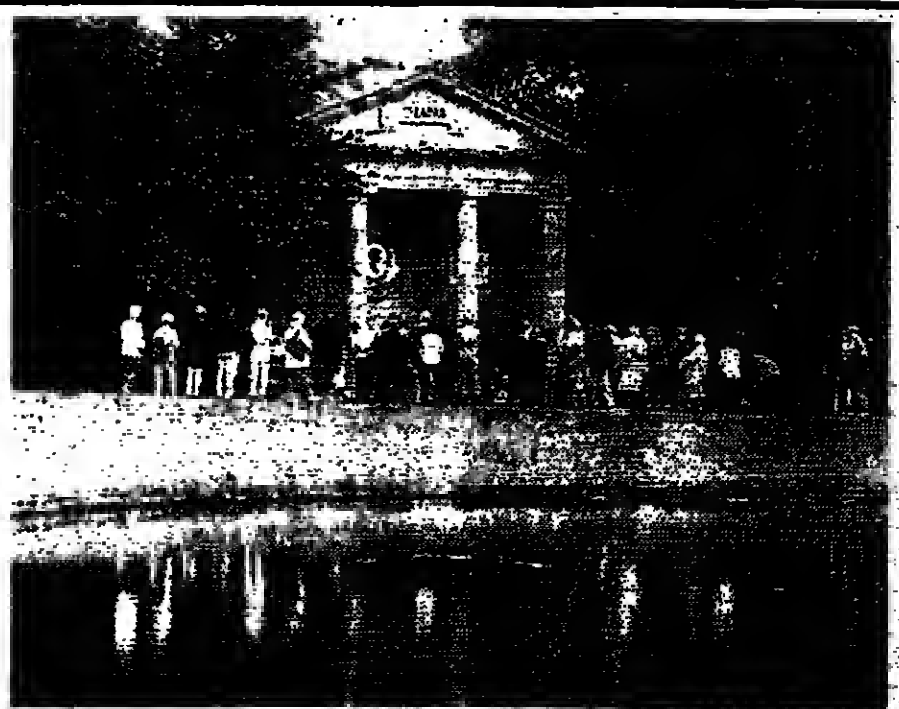
WASHINGTON (AP) — A federal judge on Wednesday dismissed the tax evasion case against Webster Hubbell, the former Justice Department official and presidential friend.

All charges brought by the independent counsel, Kenneth Starr, against Mr. Hubbell's wife, Suzy, his accountant and his tax lawyer will also be dropped.

Judge James Robertson ruled that the case against Mr. Hubbell was brought using records that Mr. Hubbell was compelled to produce under subpoena, thus violating his Fifth Amendment protection against self-incrimination.

Books	Page 11
Crossword	Page 28
Opinion	Pages 10-11
Sports	Pages 19-21

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REGAL SHRINE — Visitors crowding outside the memorial to Diana that opened on Wednesday, her birthday, on an estate northwest of London. Page 7.



## 'Nobody Is Untouchable' / Colombia's Kidnapping Scourge

## Rebels' Seizure of Teenage Girls Stirs Rage

By Serge Kovaleski  
Washington Post Service

**B**OGOTA — They are five teenage girls, with ordinary teenage passions and dreams to match. Joliffe hopes to become a famous fashion model. Paola wants to be a doctor. Carolina loves candy and pastry. Gisela dances to rap music. Leidi likes to draw.

But Latin America's longest-running civil conflict makes few allowances for innocence. Three weeks ago, leftist rebels kidnapped the girls and 10 other young women, accusing them of collaborating with the Colombian Army.

Even in a country seemingly inured to violence and hostage-taking — Colombia has the highest kidnapping rate in the world — the abductions have spurred widespread outrage here.

Some see the abductions as an illustration of the depths to which the combatants have sunk and the degree to which young people increasingly are caught up in battles not of their own doing.

In a sign of how the conflict — and this kidnapping in particular — is resonating beyond Colombia's borders, the case has drawn the attention of Jose Ramos Horta, a Nobel laureate from East Timor.

He is negotiating with the National Liberation Army, Colombia's second-largest guerrilla group, for the release of the captives.

Three of them are pregnant and another two recently became mothers.

The captives, ranging in age from 13 to 21, had been working as volunteers for a social services program sponsored by the armed forces in and around Segovia, a gold-mining town northeast of the provincial capital of Medellin.

For years, the town had been heavily infiltrated by the guerrilla group, which goes by its Spanish initials ELN, until it was retaken by the military last July.

Since then, according to the army, the captives had taught poor residents how to improve their reading skills, offered health counseling and conducted recreational events.

Their jobs were part of a campaign by the military to foster trust among locals and counter charges of human rights abuse.

"How the guerrillas could do something like this to such helpless young girls is beyond cruelty and heartlessness," the mother of one of the kidnap victims said.

"I just pray that they do not touch her or any of the other girls they have stolen from us. They are not part of the war."

Guerrilla forces, right-wing paramilitary groups and, in certain instances, the army have resorted to extreme methods in an escalating conflict that has claimed tens of thousands of lives and displaced more than a million people over the last decade.

In one of the most barbarous episodes, a paramilitary death squad three months ago executed 25 youths from the oil town of Barrancabermeja in Santander del Sur Province and incinerated their bodies.

The victims, who were accused of supporting the rebels, had been seized from a soccer field and subjected to a mock trial.

"These cases show that nobody is untouchable in Colombia and that the presence of the state is disintegrating," said Jose Miguel Vivanco, executive director of Human Rights Watch/Americas. "Consequently, the civilian population, including



The young uniformed volunteers known as the Steel Girls who were abducted three weeks ago while doing social work in rural areas, posing in Bogota with the head of the armed forces, General Manuel Bonnett.

pregnant women and children, is exposed to the worst kind of violence and abuses."

Within this worsening maelstrom of violence, Colombia's kidnapping rate has continued to rise at the hands of guerrillas and criminals who act with little fear of prosecution in this South American country of 36 million people.

According to the Foundation for a Free Country, a Bogota-based anti-kidnapping group, at least 830 abductions occurred in the first five months of this year, or an average of five a day.

The overall figure represents a 28 percent increase over the same period in 1992, with most of these crimes taking place in Antioquia Province, where Segovia is situated and the rebels have a strong presence.

**T**HE KIDNAPPING OF the 15 girls and women has prompted strong condemnation from international observers, including Alimudena Mazarrasa, representative of the UN High Commissioner for Human Rights in Colombia, who has demanded that the ELN release the young volunteers "with the utmost urgency and without any type of conditions."

Over the weekend, Mr. Horta, a human rights activist from East Timor who won the 1996 Nobel Peace Prize, met with two of the ELN's leaders, who said they would try to assist in arranging for the liberation of the captives.

Mr. Horta was traveling in Colombia with a UNICEF delegation. The ELN has said that the volunteers — known as the "Steel Girls" after the army program that employed them — are being

treated well.

Observers speculated that the ELN may now be more willing to release the volunteers because on Sunday the rebels reached agreement with Colombian officials to participate in peace negotiations with the new government of President-elect Andres Pastrana when he takes office on Aug. 7.

The volunteers have been held since June 13, when ELN members abducted them as they were traveling between Segovia and a nearby town, military officials said.

An ELN communiqué accused the volunteers — dressed in black berets and fatigues — of carrying firearms and engaging in undercover activities for the military.

The army has denied the charges, saying that the volunteers never received any military training and that their work was confined to civilian activities.

Military officials contend that the abductions were carried out as a result of rebel irritation over losing control of Segovia.

"The decision to kidnap the girls was a reaction by the guerrillas because of the work the army is doing in conjunction with the civil society in Segovia," said Defense Minister Gilberto Echeverri.

Since being abducted, the captives have been allowed to write letters to their families. In one of the letters, Veronica Restrepo, 17, and a cousin, Claudia, 14, wrote that once they are freed they want to throw a party at "the best ice cream shop" in Segovia.

Ana Gomez Ospina, who turns 15 this week, asked her family to light a candle to help her gain her freedom.

## Israeli Leaders Agree To Mute Their Dispute

But Weizman and Netanyahu Still Differ

Compiled by Our Staff From Dispatches

**JERUSALEM** — Prime Minister Benjamin Netanyahu and President Ezer Weizman called a halt Wednesday to their bitter public fight over Israel's approach to stalled peace talks with the Palestinians.

A statement issued by the two men after an hourlong meeting said they had agreed to resolve their differences in private "for the good of the country."

But the statement indicated that differences between the two remained. "The president and prime minister talked and clarified their positions to each other," said the statement, read by Arieh Shummar, an aide to the president.

Their talks followed two days of heated exchanges through the press that began with an explosive call from Mr. Weizman for an early general election to put Mr. Netanyahu's policies to the test.

Mr. Netanyahu hit back in television interviews Tuesday, when he accused the president in effect of siding with the Arabs.

Mr. Weizman, a shoot-from-the-hip maverick who helped forge Israel's peace treaty with Egypt in 1979, has frequently locked horns with Mr. Netanyahu over the pace of peacemaking since Mr. Netanyahu's election in May 1996.

The largely ceremonial presidency gives Mr. Weizman no power to call elections, but the popular president's

bombshell suggestion Monday put another dent in Mr. Netanyahu's political credibility.

For months Mr. Netanyahu has resisted American proposals to lift peace-making out of the current deep deadlock. Those proposals call for an Israeli withdrawal from 13 percent more of the West Bank in return for Palestinian action to stem anti-Israeli violence.

Dismissing Mr. Weizman's call for elections, Mr. Netanyahu said Monday that a deal was "very, very close" but that the Palestinians had refused to meet security commitments.

The Palestinian leader, Yasser Arafat, has accepted the American initiative and says the only obstacle to an agreement is Mr. Netanyahu's refusal to yield more land for self-rule.

Mr. Weizman's unexpected intervention Monday was widely seen in Israel as an open challenge to Mr. Netanyahu's policies.

The president told interviewers that the prime minister had duped him repeatedly over the prospects for an accord and was leading Israel into international isolation.

The Yediot Achronot newspaper quoted Mr. Weizman on Tuesday as saying, "Bibi lives in a state of euphoria, in his own world, cut off from reality." Bibi is Mr. Netanyahu's nickname.

In the past, Mr. Weizman's candor has angered groups as diverse as homosexuals and the ultra-Orthodox. (Reuters, AFP)

## Khatami Calls on U.S. For Deeds of Goodwill

Compiled by Our Staff From Dispatches

**TEHRAN** — In his first public response to a U.S. diplomatic initiative, President Mohammed Khatami of Iran said Wednesday that Washington must demonstrate its sincere desire for improved ties in deeds, not just in words.

Mr. Khatami, a moderate cleric who six months ago proposed a "dialogue of civilizations" with the United States, acknowledged what he called "a better understanding" of the Islamic republic now by U.S. political leaders.

But he said that rhetorical change was not enough.

"We have noted a change in the tone but we are always looking for sincerity in practice and not just in words," Mr. Khatami said after he met with Prime Minister Romano Prodi of Italy.

Mr. Prodi, the most influential European leader to visit Iran since the 1979 Islamic revolution, said he had discussed a broad range of issues with Mr. Khatami, including questions of human rights in Iran.

"We spoke about this problem, and all problems, but it must be said it is not a problem of just any one country," Mr. Prodi said.

It was not clear whether he was carrying a message from the United States, which severed diplomatic ties with Iran after the takeover of the U.S. Embassy in Tehran in 1979.

Mr. Prodi, the first EU leader to travel to Iran since a visit in 1992 by the Greek prime minister, Constantine Mitsotakis, said he had spoken to President Bill Clinton about his visit beforehand.

"This trip will have far-reaching im-

plications," Mr. Prodi said. "It will not only improve ties between Tehran and Rome, but also between Iran and the West." He did not elaborate.

Washington has been probing a possible rapprochement with Tehran, most recently using a World Cup soccer match between the two countries to woo Iran into direct government-to-government talks.

Secretary of State Madeleine Albright offered on June 17 to explore new confidence-building steps with Iran, with the ultimate aim of normal ties.

The following day, President Clinton reinforced the charm offensive. In a message taped ahead of the soccer match on June 21, he said that Washington wanted "genuine reconciliation" based on mutual respect.

Mr. Khatami said that an appropriate response would be delivered by Iran's government.

So far, such "football diplomacy" has brought no immediate gains although each side had accelerated social, academic and cultural exchanges in recent months.

Vice President Hassan Habibi of Iran said that Mr. Prodi's visit was of great importance to their two countries.

"We consider this trip an international message," Mr. Habibi said after talks with Mr. Prodi on Wednesday.

Their consultations focused largely on trade issues.

The Italian Embassy said that Mr. Prodi, who arrived here Tuesday night, would cut short his three-day visit and leave Iran late Wednesday. No reason was given for the change. (Reuters, AP)

## Kabila's Forces Massacred Hutu, UN Report Asserts

By John M. Goshko  
Washington Post Service

**UNITED NATIONS, New York** — A United Nations human-rights team has asserted that forces of the Congolese president, Laurent Kabila, massacred scores of Rwandan Hutu refugees in 1996 and 1997, and it called for an international tribunal to prosecute those responsible for "serious violations of human rights."

The charges were contained in a report by the team, which was withdrawn from Congo by Secretary-General Kofi Annan after months of harassment by the Kabila government. Mr. Annan made the report public Tuesday after UN officials debated whether its release would further worsen UN relations with Mr. Kabila, who led a guerrilla campaign that last year overthrew the former Zaire's longtime dictator, Marshal Mobutu Sese Seko.

The main points of the report have been known for some time. It supports charges by independent human rights groups that Mr. Kabila's forces and their allies from the Tutsi-dominated

army of neighboring Rwanda murdered thousands of Hutu refugees, including women and children, who had fled into Congo. Rwanda has a long history of animosity between Tutsi and Hutu, and the killings in Congo allegedly were part of a Tutsi retaliation for the 1994 Hutu genocide campaign that killed more than 500,000 Rwandan Tutsi.

[The Rwandan government rejected the report Wednesday and said the inquiry was incomplete and lacked any credibility, Reuters reported from Nairobi.]

[The Rwandan foreign minister, Anastase Gasana, said the UN investigators who compiled the report interviewed biased witnesses and focused too much on their logistical problems. "They haven't made a serious investigation," Mr. Gasana said by telephone from the Rwandan capital, Kigali. "There are no facts and no proof."]

The report acknowledges that the restrictions placed on the investigators by Congolese officials made a full-scale inquiry impossible and forced the team to rely on limited, often second-hand

information. Nevertheless, it said, enough information is available to implicate Mr. Kabila's forces, the Alliance of Democratic Forces for the Liberation of the Congo, and elements of the Rwandan Army in attacks against refugee camps in eastern Zaire. When the refugees, mostly unarmed civilians, fled, they were banded down and killed, the report said.

"One such possible interpretation of this phase of operations," the report said, is that it was carried out by Mr. Kabila's forces with Rwandan support after "a decision was taken to eliminate this part of the Hutu ethnic groups as such."

"If proved," the report said, "this would constitute genocide." The report added that Congolese authorities had actively resisted an investigation into who was responsible for "the serious violations of human rights and grave breaches of humanitarian law which occurred in its territory."

After noting that the Congolese government had failed to cooperate with the investigation, the report said that "con-

sequently, the interests of justice can only be served by endowing an international tribunal with competence over these crimes."

## ■ Tshisekedi at Liberty

The Congolese government on Wednesday lifted the internal exile imposed on the opposition leader Etienne Tshisekedi, Agence France-Presse reported from Kinshasa.

## WEATHER

Forecast for Thursday through Saturday, as provided by AccuWeather.

Europe

forecast for Thursday through Saturday, as provided by AccuWeather.

	Today	High	Low	High	Low	High	Low
	CF	CF	CF	CF	CF	CF	CF
Algeria	2577	1702	1021	2670	1091		
Amsterdam	1804	1030	201	2107	1293	201	
Athens	2000	1300	100	2000	1300		
Athens	2000	1300	100	2000	1300		
Bahamas	2000	1300	100	2000	1300		
Bahamas	2000	1300	100	2000	1300		
Bulgaria	2000	1300	100	2000	1300		
Berlin	2107	1200	201	2470	1509		
Berlin	2107	1200	201	2470	1509		
Bombay	1804	1030	201	2107	1293		
Bombay	1804	1030	201	2107	1293		
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## THE AMERICAS

# Adding Up the Bill for Nuclear Arms

## They Have Absorbed 10% of the Federal Budgets Since 1940

By Matthew L. Wald  
New York Times Service

WASHINGTON — Nuclear weapons have cost the United States at least \$5.48 trillion since 1940, and for most of that time neither Congress, the president nor the armed services had a clear idea what was being spent, according to a four-year study sponsored by the Brookings Institution.

The figure, which is stated in 1996 dollars converted under a Defense Department formula, represents about a third of the nation's military spending and about 10 percent of all expenditures by the federal government from 1940 to 1996, only non-nuclear defense programs and Social Security cost more.

The money spent on nuclear weapons, plus money for environmental

cleanup, would buy 290 million automobiles, says an author of the study, William Weida, an economist at Colorado College in Colorado Springs and a former director of the economic policy and analysis division of the Defense Department.

Stephen Schwartz, editor of the study, said: "Nuclear weapons were considered to give more bang for the buck." For that reason, Mr. Schwartz said, policy planners paid little attention to costs.

The study, "Atomic Audit: The Costs and Consequences of U.S. Nuclear Weapons Since 1940," was published on Tuesday by Brookings.

The cost of nuclear weapons programs has never been compiled before, according to the study. The cost includes money spent to invent them and

produce them, to build the missiles, bombers, and submarines to deliver them, and to defend against enemy nuclear attacks.

If the cost of cleaning up environmental damage resulting from the production of nuclear weapons is added, the total comes to \$5.82 trillion, based on estimates of what will be needed in the next 80 years, the study said.

The Defense Department and the Atomic Energy Commission or its successor, the Energy Department, were at the center of most of these programs.

Producing nuclear weapons accounted for only about 7 percent of the total cost, the study said. Deploying the weapons, including the cost of missiles and bombers, accounted for 55.7 percent of the total; defending against nuclear attacks made up 16.1 percent; targeting and controlling the weapons made up 14.3 percent, and nuclear waste management and cleanup was approximately 6.3 percent.

The study group said one reason for the high costs was interservice rivalry, with the air force getting nuclear arms and then the navy and army wanting them, too.

The study's authors said strategic deterrence had prevented nuclear conflict and probably conventional conflict in Europe as well. Although they said that task could have been accomplished more cheaply, they did not say how much more cheaply.

"Waste is in the eye of the beholder," Mr. Schwartz said. "Clearly, nuclear deterrence as a concept and a reality exists. But there's a big difference between having five weapons or 10 weapons or 20 weapons or 20,000 weapons. Somewhere in there, you stop getting more bang for the buck."

Some of the money went for projects that failed, like the development of a nuclear-powered airplane and the deployment of nuclear bombs under the Greenland ice cap. Far more was spent on producing nuclear weapons that the authors say were in excess of military requirements.

Mr. Weida, the economist, said part of the problem was pork barrel politics. Lawmakers were loath to cut back or cancel production of nuclear weapons in plants in their states or districts.

"The tie between regional economic benefits and nuclear weapons," he said, "created an inertia which made it extremely difficult to curtail nuclear weapons programs after their useful life had expired."

The authors of the study also said the current annual budget of \$4.5 billion for "stockpile stewardship" — a testing system without nuclear explosions — exceeds the historical average for research, development, and testing by about \$900 million a year.

The Energy Department says stockpile stewardship is less expensive than its Cold War testing and maintenance program.



Vice President Al Gore inspecting a bicycle that was destroyed weeks ago by a wildfire in Palm Coast, Florida, as some residents look on.

## Florida Town Is Evacuated As Wildfires Near Homes

The Associated Press

MIMS, Florida — Firefighters beat back blazes that came within 50 yards of some homes in this eastern Florida community Wednesday and threatened to consume dozens of others.

Firefighters confirmed that no homes had burned overnight, but said that the battle against the wildfires was not over. Mandatory evacuations for hundreds of residents were lifted.

"We know we lost some cars, barns and sheds," said Jeffrey Money, assistant chief of Brevard County Fire Rescue.

More than 1,700 fires since late May have destroyed 85 homes and more than 251,000 acres (101,600 hectares) — mostly forest, palmetto scrub and swamp — from one tip of Florida to the other.

The unpredictable fires whipsawed residents of this region about 25 miles (40 kilometers) east of Orlando on Tuesday.

Officials initially issued a mandatory evacuation order for about 2,000 homes. But that order was lifted as sea breezes steered the fire away.

Winds switched again at nightfall, sending the fire back toward a portion of the neighborhood. About 250 homes were again evacuated.

Fires have also been a problem in neighboring Georgia. In Augusta, firefighters evacuated homes near a three-mile stretch of Bobby Jones Expressway, a main thoroughfare in the southern part of the city.

## POLITICAL NOTES

### Gag Order Lifted In Paula Jones Case

WASHINGTON — A federal judge in Little Rock, Arkansas, has lifted the gag order she had imposed in the Paula Jones sexual harassment lawsuit, allowing attorneys to disclose any remaining secret information from the dismissed case and opening for public inspection still-sealed documents.

Judge Susan Webber Wright of U.S. District Court, who dismissed the Jones suit April 1, ruled Tuesday that there was no longer a reason to keep the confidentiality decree because so much detail about the case had been made public already through court filings or by news organizations quoting unnamed sources.

But Judge Wright ordered that the names, addresses, occupations and other identifying information regarding women who were interviewed about their relationships with President Bill Clinton remain cloaked. And she gave lawyers for Mr. Clinton and Mrs. Jones 10 days to appeal her ruling before it takes effect. Both sides had opposed the motion, filed by a consortium of news organizations, to lift the order.

The judge noted that her dismissal of the case means there will be no trial unless an appeals court overrules her, and even then a trial would not be conducted until next year at the earliest. As a result, she wrote, "There is now no imminent trial in which prejudicial pretrial publicity remains a concern."

Much of the most salacious material collected by Mrs. Jones's legal team during its evidence-gathering phase already has been made public, but lawyers that are involved suggested that there is more embarrassing

material that is still under seal. "There's stuff out there, that's all I'll say, stuff that probably both sides would rather not see the light of day," said an attorney for Mrs. Jones, David Pyke. (WP)

### Clinton Will Name Envoy to Prague

WASHINGTON — President Bill Clinton said Tuesday that he planned to name John Shattuck, assistant secretary of state for democracy, human rights and labor, to be ambassador to the Czech Republic.

Mr. Clinton also plans to name a career diplomat, Robert Finn, the deputy chief of mission at the U.S. embassy in Croatia, to be ambassador to Tajikistan, the White House said.

Mr. Shattuck was involved in the negotiation of the 1995 Dayton peace accords that ended the war in Bosnia as well as in the formation of international criminal tribunals for the former Yugoslavia and Rwanda.

Before the State Department post, Mr. Shattuck was a vice president at Harvard University. (Reuters)

### Quote/Unquote

Newt Gingrich, the speaker of the House, after Robert Doman, a Republican of California who in two decades in Congress was known as the master of boisterous bluster and for the nickname "B-1 Bob," complained that he had not been embraced by the party in his U.S. House campaign. "We are dedicated to electing Bob Doman and returning him to his seat in the House," he said. "B-1 Bob has one more mission to run for his country." (NYT)

## AMERICAN TOPICS

### Not All Hippie Communes Have Succumbed to Reality

In the spring of 1976, a group of long-haired young dreamers bought 304 acres of rolling woodlands near the small town of Harrodsburg, Indiana, and moved into canvas teepees. They slept on dirt floors, cooked over campfires, raised chickens and goats and tended an organic garden. Their dream: to build a Utopian community.

"In those days you were young and it was all an adventure," recalled Sara Steffey, 47, one of the original members of May Creek Farm. "We were all really happy. It was like retiring in your 20s."

Such dreams, of course, tend to encounter harsh reality — cold winters, leaky roofs, the need, like it or not, for money. And so hundreds of the communes like May Creek Farm that sprang up in the '60s and '70s disbanded or dissolved. But others remain. A directory produced by a group called the Fellowship for Intentional Community lists 540 North American communes.

Outside Harrodsburg, the community that started in teepees thrives,

though it has evolved. May Creek Farm Inc., now part nature preserve, part housing subdivision, is home to 10 families with 30 members, living in houses, not teepees. Each family owns its own plot of land, together the "creekers," as they call themselves, own 200 acres of surrounding woodlands, which they protect from poachers in search of ginseng, goldenseal and the mushrooms that sprout after rain.

The group's goal of self-sufficiency has had to be revised. While two families survive through artistic endeavors, several members go into nearby Bloomington to work: as a nurse, a school teacher, a dance instructor.

There have been differences within the community — some members are Buddhists, others Protestants or followers of American Indian religions. And neighbors have finally overcome their fears of orgies or debauchery in the commune. May Creek survives, largely thanks to its members' love of a simpler country life. "If I had to live in town again," said Heather Jones, 32, "I don't think I could stand it."

### Short Takes

Kent State University, a name that became a trenchant symbol of the costs of protest during the Vietnam War, has agreed to make a memorial out of parking spaces where four student protesters were shot and killed by National Guard troops on May 4, 1970. "The university feels that it had

some unfinished business," said a university spokesman, Ron Kirksey.

One hundred years ago, the German immigrant Gustav Dentezel ushered in a golden age of carousels in America by inventing a device to make the ornately carved animals rise and fall. Carousels hit the peak of their popularity in the 1920s, with nearly 4,000 around the country, according to U.S. News & World Report. By the 1950s, there were fewer than 1,000. After the 1929 stock market crash, carousels that had cost \$25,000 sold for \$2,000 or less. Today there are 148 antique wooden carousels in America. Classic individual horses, the most popular of carousel figures, sell for as much as \$121,000.

A growing number of high-tech companies in California are letting employees bring their animals to work. A pet-friendly workplace, Silicon Valley managers have concluded, can help attract and keep good workers, many of whom care as much for their pets as parents do for their children. Companies generally require that animals be confined to their owners' work spaces. Dogs must be leashed, licensed and have all their shots. Rafael Cedeno, a software engineer, said that he would not take a job that would separate him from his Yorkshire terrier, saying that the Yorkie "would be upset if I didn't bring him to work."

Brian Knowlton

## Alabamians Pick Religious Rightist

By Terry M. Neal  
Washington Post Service

WASHINGTON — In an unusually bitter gubernatorial contest in a state known for colorful politics, Governor Fob James Jr. has won the Alabama Republican nomination against his more moderate rival, the businessman Winton Blount.

With 93 percent of precincts reporting, Mr. James had 56 percent of Tuesday's vote.

Mr. James, a hero of the religious right, will go into November's general election against a well-financed Democrat, Don Siegelman, with a depleted campaign fund and a reputation tainted by months of contentious campaigning.

The battle between Mr. James and Mr. Blount exposed huge rifts in the state's Republican Party and under-

scored the divide nationally among social and economic conservatives.

"We stayed positive and focused on the governor's record," said Mr. James's spokesman, David Azbell, speaking by telephone from the victory party. Many observers disagree with Mr. Azbell's assessment and have called the runoff one of the nastiest in recent history.

"We stayed positive and focused on the governor's record," said Mr. James's spokesman, David Azbell, speaking by telephone from the victory party. Many observers disagree with Mr. Azbell's assessment and have called the runoff one of the nastiest in recent history.

Mr. James, who is seeking his third term — he served one term as a Democrat in the late 1970s and early 1980s before switching parties — failed to win

a majority of votes in a five-way Republican primary on June 2.

The contest was unusual in several respects. Generally, the governor's Republican counterparts in other southern states, such as Governor George W. Bush of Texas and Governor Don Sundquist of Tennessee, are enjoying popularity. The economy is good and crime is down nationwide, generally providing a positive environment for incumbents.

"It's a case study in how not to be a Republican governor," said Merle Black, an Emory University political science professor.

Mr. James's "agenda is almost exclusively that of the Christian Coalition," Professor Black said. "By giving such overwhelming emphasis to that side of the agenda, he's disrupted the electoral coalition that put him in office in the first place."

### Away From Politics

Overseers of the federal school lunch program, which serves 26 million children, have granted vegetable status to salsa and determined that school cafeterias can dish it up as part of a nutritionally balanced menu. The low-fat, low-cholesterol sauce typically consists of tomatoes, peppers, onions and spices. In 1981, the Reagan administration tried to have ketchup designated as a vegetable, but the plan was widely ridiculed and dropped. (AP)

The American Automobile Association says one in four Americans admits to being an aggressive driver. That is 45 million drivers and represents a bigger problem than "road rage" — drivers trying to harm others with their vehicles. Aggressive drivers, the AAA says, amply drive without regard for others' safety. (AP)

A federal judge halted enforcement of a Florida law that imposes five-year prison terms on doctors who perform a type of late-term abortion. (AP)

## Birth Rate for Unmarried Blacks at 40-Year Low

By Steven A. Holmes  
New York Times Service

WASHINGTON — The birth rate for unmarried black women, long a focal point in the debate over the causes of poverty among blacks, has reached its lowest point in 40 years, according to a report by federal health officials.

Figures compiled by the National Center for Health Statistics show that there were 74.4 births per 1,000 unmarried black women in 1996, the last year for which complete data are available.

That rate is significantly below the peak of 90.7 per 1,000 unmarried black women in 1959.

The report Tuesday showed that the

out-of-wedlock birth rate has been dropping for all age groups of black women. Demographers and health officials said that the reasons — an increase in contraceptive use, sex education and efforts by some community groups to encourage abstinence — should allow the trend to continue.

"There's just been no lurch, and it's not been slowing down," said Stephanie Ventura, a demographer with the National Center for Health Statistics who wrote the report.

### Multiple Births Rising

Barbara Vobejda of The Washington Post reported:

Nearly 6,000 babies were born in triplets, quadruplets or even larger sets

of multiple births in 1996, the largest number ever and one that shows no sign of abating, the National Center for Health Statistics report showed.

The combined effect of older mothers and fertility treatments has driven up the number of multiple births dramatically, officials said, accounting for a jump of 19 percent in just one year for babies born in sets of three and more.

Since 1980, the rate of twins has risen 37 percent; for triplets and higher, the rate has increased 312 percent.

"It's pretty dramatic," said Joyce Martin, a health statistician at the National Center for Health Statistics and a co-author of the study.

"It's been going on for a while and I see no evidence it's fading at all."

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## EUROPE

## Kosovo Rebels Regroup as Serbs Press Drive

Compiled by Our Staff From Dispatches

**PRISTINA, Yugoslavia** — Hundreds of ethnic Albanian rebels regrouped in western Kosovo on Wednesday in an attempt to stave off advancing Serbian security forces in the secessionist province.

The police said the rebels moved westward after Serbian forces recaptured an important coal mine region from the Kosovo Liberation Army on Tuesday.

Reporters in two towns just outside the coal mine said they saw the Serbs in control, with no signs of fighting.

Reporters who were taken on a tour of Ade, a village overlooking the mine, could see heavy machinery operating in the pit.

The conveyor belt that transports coal from the mine to two mammoth electric generating plants was operating as well.

Those on the tour said it appeared that Serbian forces had exercised some restraint in their assault on Ade.

There was not the sort of widespread destruction that accompanied so many other military operations in the Bal-

kans.

The Kosovo Liberation Army is the guerrilla army fighting for the independence of Kosovo on behalf of that southern Serbian province's ethnic Albanian majority. The insurgency has taken nominal control of at least 30 percent of Kosovo.

The Kosovo Information Center, which is closed to the province's ethnic Albanian leadership, listed casualties in the Belasevac region over the last two days of fighting as three dead and two wounded fighters, and a child and an adult dead and six other civilians wounded.

Some officials abroad fear that the ethnic Albanians' fight for independence from rump Yugoslavia, made up now only of Serbia and Montenegro, could grow into a major conflict throughout the region, perhaps dragging in Albania and Macedonia.

The main east-west highway between Pristina and Pec has been closed for nearly two months by ethnic Albanian attacks and barricades. Traffic on all highways west and south of Pristina is subject to



Journalists inspecting a trench Wednesday reportedly abandoned by retreating Serbs.

ambush by rebel units.

In Germany on Wednesday, Foreign Minister Klaus Kinkel said Kosovo Albanians should not expect immediate NATO intervention.

He said no mandate was in sight from the UN Security

Council for such an intervention because two council members, Russia and China, oppose the move.

He declined to speculate whether intervention was "a question of weeks or months." (AP, Reuters)

## ■ Patrols Ready to Start

Richard Holbrooke, the U.S. negotiator, said Wednesday the first patrols in Kosovo by diplomats could begin by the end of this week, Reuters reported from Oslo.

## BRIEFLY

## Ulster Assembly Elects Protestant and Catholic

**BELFAST** — Against the odds of history, Northern Ireland's new Assembly elected a Protestant leader and Catholic deputy Wednesday in its first step down the slow road of governing this divided country together.

On a 61-to-27 vote after three hours of sometimes bitter and abusive debate, the Ulster Unionist Party leader, David Trimble, became the Assembly's first minister and the Social Democratic and Labor Party deputy leader, Seamus Mallon, became its deputy first minister.

Among the politicians who gathered around a vast U-shaped table were convicted IRA bombers and gun-runners, slayers of Catholic civilians, retired cops and British soldiers — and a camp of Protestant hard-liners determined to scuttle the whole project. (Reuters)

## Turkish Government Dodges Censure Bullet

**ANKARA** — Prime Minister Mesut Yilmaz survived a tentative opposition bid on Wednesday to bring down his rocky coalition, which is at odds with the army over Islamist activism.

Opposition deputies failed to garner enough votes to censure State Minister Eyup Asik, accused of failing to ensure the arrest of a rightist gunman. Under Turkish political tradition, a government should quit if it cannot protect one of its ministers from a censure motion. (Reuters)

## Cyprus to Issue Papers To Send Migrants Back

**NICOSIA** — Cyprus said Wednesday that it would issue travel documents to more than 100 African and Arab migrants rescued this week after an 11-day ordeal drifting on a small fishing boat without food or water in the Mediterranean.

Immigration authorities would issue documents to the 116 migrants which would enable them to return to their countries, Interior Minister Dinos Michaelides said to reporters.

So far, he added, none had sought political asylum. (Reuters)

## For the Record

Russia's Constitutional Court will consider in mid-July whether President Boris Yeltsin may run for a third term as president in elections in 2000. Mr. Yeltsin has said he will not run again, but his aides have not ruled out another term. (Reuters)

## U.S. Cools Its Support for Ethnic Albanians, Seeing Risk of a Regional War

By Barton Gellman  
Washington Post Service

**WASHINGTON** — Alarmed by the swift success and broad ambitions of rebel ethnic Albanian forces in the Serbia's Kosovo Province, the Clinton administration has launched intensive talks with the rebels in an effort to curtail their military campaign and prevent a feared regional war.

Negotiations with the Kosovo Liberation Army, an ethnic Albanian force demanding full independence from Serbia, reflect a substantial shift of emphasis in Washington.

Until now the U.S. government

placed the onus for the fighting on Slobodan Milosevic, president of rump Yugoslavia, and it has supported Ibrahim Rugova, a moderate, as the only important political leader of Kosovo's ethnic Albanians.

Now, American officials are calling for restraint from the rebels as much as from President Milosevic, and they are offering the guerrillas a place at the negotiating table as political compensation.

Although Mr. Rugova continues to insist that he can speak for the rebels in negotiations with Belgrade, the Clinton administration said Tuesday, for the first time, that he cannot speak for the ethnic

Albanians.

The United States and its European allies favor strengthened autonomy for the ethnic Albanian majority in Kosovo, but not an independent state.

The rebel forces not only seek a state of their own but also have a disquieting tendency — in the U.S. government's view — to speak of interests in the Albanian populations of neighboring Macedonia and Montenegro, as well as in Albania itself.

In practice, the new emphasis on slowing the rebel advance means that threats of NATO military intervention against President Milosevic's forces have receded for now.

Secretary of State Madeleine Albright, speaking with ABC News on Tuesday, repeated a three-week-old formula describing NATO military planning as "accelerated."

But other officials noted that President Milosevic has behaved with some restraint in recent weeks, even as the rebels scored military successes.

An allied diplomat, interviewed by telephone, said that "in present circumstances, where the KLA is doing pretty well on the battlefield, Milosevic is not single-handedly slaughtering innocents."

"It looks less plausible to believe there would be NATO air action," the diplomat added.

That might change, he said, if there were "a significant Serb offensive which led to widespread killing of innocent Kosovar Albanians, and/or widespread ethnic cleansing."

The Kosovo rebels have stunned Washington — and no doubt themselves as well — one U.S. policymaker said — with their explosive growth in military and political strength since March.

A year ago they could boast no more than 100 fighters and little popular support. At the time, an American envoy negotiating in the Balkan conflict, Robert Gelbard, dismissed the armed group as little more than a "terrorist

organization."

At present, according to U.S. assessments, the rebels control about a third of Kosovo's territory and command the sympathies of 80 percent of the population.

"Under any circumstances and, very sadly, I have to say that we're convinced that the fighting is going to continue," a high State Department official said Tuesday.

Reports from the region said a Serbian assault had recaptured an important coal mine from the ethnic Albanians.

Last week, the special U.S. envoy, Richard Holbrooke, became the first American official to meet publicly with guerrilla fighters, allowing himself to be photographed with a Kalashnikov-wielding officer in the Kosovo village of Junik.

Mr. Gelbard, meanwhile, has sought contacts with rebel political leaders and those such as Adem Demaci — a Rugova rival — who offer themselves as intermediaries.

The State Department official, briefing reporters Tuesday, sought to soften the blow to Mr. Rugova by describing him as "central and indispensable," saying the U.S. looked to him and his aides to speak for the interests of the ethnic Albanians.

American and European experts said

they were hampered in their efforts by ignorance about the rebels' true leadership and political program.

"One problem is that, on the military side, there is no clear Albanian chain of command with which to deal or talks about a cease-fire," said Mr. Holbrooke, according to The Associated Press. "This is a marked difference from Bosnia," added the diplomat, who led U.S. efforts to broker the 1995 Dayton peace accord among three rival Bosnian factions.

Another administration official said: "It's not like you can walk up to a telephone directory, or say, 'Take me to your leader.'"

"We need to get much more precise information from them on what they represent," said a third official, who has met with the rebels.

When President Milosevic first tried in March to crush the rebels, the United States pressed its European allies for a package of sanctions and military threats to support demands that Serbia withdraw the forces responsible for attacks on ethnic Albanians.

Among the U.S. objectives now is to obtain pledges from the rebels that they will not try to take advantage of Serbian withdrawal to launch new attacks, an outcome some U.S. officials regard as inevitable in present conditions.

## Pope Sharply Rebukes Liberal Catholics

His Changes to Canon Law Seem Certain to Rekindle Passionate Debate

By Alessandra Stanley  
New York Times Service

**ROME** — In one of his shrewdest rebukes to liberal Catholics to date, Pope John Paul II has made changes to canon law aimed at stamping out debate on a wide range of passionately discussed issues, including euthanasia and the ordination of women.

Reasserting the articles of faith that are "definitive" and binding to all Catholics, the Pope on Tuesday inscribed those teachings into church law, and warned that those who dissent would be subject to "just punishment."

Many Roman Catholic theologians in the United States have questioned Rome's authority on doctrinal matters. In an apostolic letter that was made public by the Vatican, the Pope made it clear that he was addressing — and reigning in — those academics.

The apostolic letter was both an act of Vatican housekeeping and a cornerstone laid down for this Pope's legacy. On one hand, the Pope was merely filling a gap

in the code of canon law, but his eagerness to make his teachings as clear — and as binding — as possible was one of the most vivid signs yet that in the twilight of his papacy, Pope John Paul II, at 78, is seeking to make his rulings irreversible.

The Pope explained he was acting "to defend the faith of the Catholic Church against errors that arise on the part of some of the faithful, above all those who dedicate themselves to the disciplines of holy theology."

The Pope's letter addressed the church's "profession of faith," a list of essential Catholic beliefs that the Pope reformulated in 1989.

All clergymen and Catholic teachers and theologians are required to follow it.

By inscribing his teachings about the articles of faith into canon law, Pope John Paul II said he was establishing norms that would "impose the duty to observe the truths."

The decree is likely to disappoint those theologians who had hoped to keep

open a discussion of women's ordination, among other things.

"Canon law covers such grave crimes as heresy and a refusal to accept what the church considers 'divinely revealed truths,' as well as far lesser crimes, but does not deal with those who disavow truths that the church holds to be 'definitive.' In a sense, the Pope was closing a loophole that had allowed some theologians to expound a more liberal interpretation on some issues than Rome ever has."

The apostolic letter did not specify which teachings the Pope was addressing, but it was published along with a doctrinal commentary written by Cardinal Joseph Ratzinger, who heads the Congregation for the Doctrine of the Faith and who is the Vatican's leading conservative thinker.

Cardinal Ratzinger's definitions of what constitutes "infallibly taught" doctrine are likely to rekindle debate among theologians on the issues of sexual relations outside marriage, euthanasia and the ordination of women.

## Galina Brezhnev, Leonid's Daughter, Is Dead

By Michael R. Gordon  
New York Times Service

**MOSCOW** — Galina Brezhnev, the high-living daughter of the former Soviet leader Leonid Brezhnev, died Tuesday in a Moscow hospital. She was 69.

Galina Brezhnev was never involved in politics but she figured in some major scandals in the last years of Soviet

power. The arrests of some of her husbands and some of her friends illuminated the corruption of the Soviet aristocracy.

A hard-drinking member of the Soviet elite who liked to race her father's Mercedes, Miss Brezhnev had her first brush with scandal when she was just 22 and ran away with a circus acrobat.

"He could hold 10 people on his shoulders but failed to

hold Galina too long," NTV television observed Tuesday night. "Galina got married quite often." She remained infatuated with the circus and with circus performers for several decades.

In 1982, a close friend from the circus, known as Boris the Gypsy, was arrested and charged with smuggling. The arrest took place when Yuri Andropov was head of the

KGB, and Mr. Andropov portrayed the move as part of his anti-corruption drive. But it was also interpreted as a bid by Mr. Andropov to position himself to succeed Mr. Brezhnev as Soviet leader.

That was not the end of her notoriety. In 1988, her husband Yuri Churbanov was arrested for taking bribes and imprisoned for six years.

The threat of global warming is on the rise.

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## INTERNATIONAL

## Elsewhere in Asia, Anxiety and Outrage Over Clinton's China Policy

By Sonni Efron, Henry Chu  
and Mark Finerman  
Los Angeles Times Service

TOKYO — Even as President Bill Clinton spoke optimistically about someday bringing the Chinese into the world trading regime, Asian leaders from New Delhi to Taipei to Tokyo were reacting with deepening anxiety and, in some quarters, embittered outrage to what they see as his unabashed, passionate embrace of China.

Most Asian countries, with the notable exception of India and Taiwan, welcome at least publicly the prospect of smoother U.S. relations with China and the regional stability that is expected to ensue.

Still, the perception that the United States is engaged in a subtle rearrangement of its Asian relationships, putting China atop the list ahead of

such traditional allies as Japan and Taiwan, has sent shock waves through the region.

Reaction in Taiwan on Tuesday was swift and sharp to Mr. Clinton's public declaration in Shanghai of what are called the "Three No's" — that the United States would not support the independence of Taiwan, the creation of two Chinas or Taiwan's admission to the United Nations.

"It's wrong, morally and politically, for Clinton to collude with the Communist dictatorship to restrict the future of a democratic country, Taiwan," said Parris Chang, a legislator with the Democratic Progressive Party, which supports Taiwanese independence.

"Beijing is trying to manipulate the United States to isolate Taiwan diplomatically," he added. "That Clinton has fallen into that kind of trap is unfortunate. U.S. policy toward Taiwan is

on a slippery slope. More and more, the United States is making concessions to China without any return."

The Japanese government has been determinedly restrained and diplomatic as Mr. Clinton and Treasury Secretary Robert Rubin criticized Japan's economic policies to audiences in China — a developing nation with an economy one-seventh the size of Japan's that remains dependent on Japanese capital, trade and development aid for its modernization efforts.

But the Indian government and media erupted with anger at what they saw as the hypocrisy of the joint U.S.-Chinese declaration condemning recent nuclear weapons tests by India and Pakistan and promising to work together to discourage a nuclear arms race in South Asia.

Just hours after Mr. Clinton and President Jiang Zemin signed the statement in Beijing, the Indian

Foreign Ministry denounced it as reflecting "the hegemonistic mentality of a bygone era." India, which fought a war with China in 1962, specifically cited a Chinese nuclear threat to its national security in justifying its five nuclear weapons tests in May.

U.S. intelligence officials suspect that China may have helped Pakistan with nuclear technology that enabled it to conduct retaliatory atomic bomb tests two weeks after India's this spring. But the United States also gave Pakistan hundreds of millions of dollars in military aid in the 1980s, when as a key Cold War ally it helped drive the Soviet Union out of neighboring Afghanistan.

"It is most ironic that two countries that have directly and indirectly contributed to the unabated proliferation of nuclear weapons and delivery systems in our neighborhood are now presuming to prescribe norms for nonprolifer-

ation," the Indian Foreign Ministry said. There was a deafening, but expected, silence from Pakistan, which like India is now subject to U.S. economic sanctions because of its nuclear tests.

China is one of Pakistan's closest allies and key military suppliers and the highly nationalistic Pakistani press has reported with little or no comment about the tour by Mr. Clinton.

In Japan, public and private reaction about the U.S.-Chinese developments was more despondent than angry. The influential Nikkei financial daily newspaper reported that "Japan, wedged between the United States and China, tends to feel victimized by both sides, with the United States engaging in 'Japan-passing' and China applying 'pressure from the new Asian giant'."

A senior official and a private analyst both said that Tokyo fears China may be trying to "drive a wedge" between the United States and Japan.

## Detainee In Nigeria May Be Released

Compiled by Our Staff From Dispatches

ABUJA, Nigeria — A senior Nigerian official said Wednesday that the United Nations secretary-general, Kofi Annan, had met with the detained opposition politician Moshood Abiola and discussed terms for his possible release.

"I can assure you that the two men have met and also that no final conclusions have been made as regards a release," the senior official said.

The official declined to give the exact time and place of the meeting. UN officials said that they could not confirm or deny that any meeting took place and added that any questions would be answered by Mr. Annan at a briefing Thursday.

"Everybody wants Abiola to be free, but he must understand that any mandate he may have had has by now expired," the official said.

Mr. Abiola declared himself president in 1994 on the basis of winning the 1993 elections. Those elections had been voided by the military, though international observers had declared them fair. The military ruler, General Sani Abacha, ordered Mr. Abiola detained. General Abacha died suddenly June 8. His successor, General Abdulsalam Abubakar, has freed at least 30 detainees.

Earlier in the day, the Commonwealth secretary-general, Emeka Anyaoku, also met with Mr. Abiola.

A Commonwealth official said he was unable to reveal what the two men discussed. Mr. Anyaoku is on a five-day visit to Nigeria.

The Nigerian foreign minister, Tom Ikimi, suggested in an interview with the BBC that it appeared an agreement could soon be found on releasing Mr. Abiola.

The "circumstances of Chief Abiola's detention have to do with his declaring himself president four years ago, which is indeed treasonable in the Nigerian law," Mr. Ikimi said.

"But, of course, this is the time for reconciliation, the time for actually putting things behind us, and I would not be surprised if all sides, including Chief Abiola and the government, reach some agreement that would be in the best interests of our country."

The rumored arrangement is that Mr. Abiola would agree to give up his claim to the presidency and the government would give him some recognition in an interim government, leading to eventual elections.

General Abubakar has pledged to make way for an elected government by Oct. 1. (Reuters, AFP)

## New UN Sanctions For Angola Rebels

The Associated Press

UNITED NATIONS, New York — Angola's former rebels came under strong new UN sanctions Wednesday after failing to abide by terms of the 1994 peace plan, UN officials said.

The sanctions freeze UNITA's foreign bank accounts, ban its diamond exports and prevent all air and water transport into and out of rebel-held territories.

The Russian ambassador, Sergey Lavrov, said the Security Council couldn't rule out future sanctions "if UNITA doesn't implement its obligations."

The Council approved the sanctions last month to punish UNITA for failing to hand over its central highland strongholds to the government and take major steps to demilitarize its armed forces.

UNITA agreed to do so as part of the 1994 peace agreement signed with the government in Lusaka, Zambia, to end the two-decade civil war. But UN officials have complained that UNITA has consistently stalled in carrying out the pledge.

The latest deadline to comply was Wednesday, and the triggering of sanctions was automatic.

The sanctions come as the United Nations tries to regroup its mission following the death of the special UN envoy to Angola, Aljorne Blondin Beye, in a plane crash Friday.



President Clinton visiting an Internet café in Shanghai on Wednesday as students showed him their computer.

## STRIKE: General Motors Prepares for a Long Work Stoppage

Continued from Page 1

competitors have taken steps to improve productivity, to contract out parts manufacturing, known as outsourcing, and to respond more quickly to changes in the marketplace.

But union workers at the parts plants whose walkout precipitated the shutdown fear that those gains in productivity will only come at the expense of their jobs.

One example: It takes 34,000 parts workers to make 1 million GM cars, nearly twice as many people as at Ford and Chrysler.

Those numbers translate into big differences in the bottom line. Last year, GM earned an average of \$850 on every vehicle it made, compared to \$1,520 at Ford, according to Harbour & Associates Inc. of Troy, Michigan, a consultant to the Big Three automakers on manufacturing productivity.

"This is a very crucial strike," said a Wall Street analyst who asked not to be identified. "Everybody here on Wall Street knows that it's going to cost GM in the short term." But, he added, "if GM comes out on the right side of this, GM gets more flexibility in terms of

work rules and outsourcing and becomes more competitive. The outcome will gauge for the next five to 10 years on how much more competitive GM can become — or not become."

An auto industry analyst, Scott Merilis, of Merilis Automotive International Inc., predicted GM could lose at least one-half of a percentage point from its shrinking market share if the strike is not settled soon. As recently as 1978, GM had a 46 percent share of all vehicles sold in the United States. By 1988, that number had dropped to 35.2 percent and today it's 31.4 and falling.

Executives from other auto companies said privately this week that they believed GM had made a conscious decision to lose more market share if necessary, as long as the payoff is going to be increased productivity.

At the Flint metal stamping plant where the current strike began June 5, the union claims the company has reneged on a promise to invest \$300 million in the plant; the company insists the union has broken its promise to change work rules that allow about 1,500 workers in the factory to go home after they have completed their daily production quota.

GM says this rule allows many workers to get a full day's pay for a half day of work. Many of these workers then stay on and collect overtime for the last four hours of the shift, GM says. The company has said it will not invest another dollar in the plant until the rules are changed.

Over the past 20 years, GM has gradually trimmed 297,000 hourly workers from its U.S. work force, cutting the overall work force from 520,000 to 223,000, mostly by attrition. But Ford and Chrysler, faced with the prospect of bankruptcy in the late 1970s and early 1980s, cut their already smaller North American payrolls in half to survive financially.

GM long has been criticized for moving too slowly in closing plants and reducing production costs. But Harbour contends that, until recently, GM slowly had been closing that gap.

Ford and Chrysler were not sitting around waiting for GM to catch up. GM's two biggest rivals accelerated their cost-cutting programs, thereby once again widening the gap — and forcing GM to take a tougher stand with the United Auto Workers union.

## CLINTON: China's Course Draws Praise

Continued from Page 1

to exert influence, rather than trying to act unilaterally.

"And so the United States' role I think is to try to create a structure where more likely than not the right things will be done when problems arise — not to just do it all ourselves or tell other people what to do," Mr. Clinton said.

He was sending subtle and somewhat contradictory messages to different audiences in China. His words offered reassurance to President Jiang Zemin and other leaders in Beijing that the United States would not and could not impose its will on China.

But he was also signaling to the Chinese public — and to domestic critics of his policy of engagement with China — that he would continue to press Beijing to allow greater personal freedom and take steps toward a more open political system.

"I think there's a genuine movement toward openness and freedom in China, which obviously as an American, and as an American president, I hope will continue and increase and which I believe is right — morally right — but I also think it's good for China," he said.

The interview with the president was conducted by Shui Junyi, anchor of CCTV-1's popular public affairs program "Focus" and Chen Xiaowei, an anchor on CCTV-4, the state network's international channel and host of a Sunday news program.

The questioning was gentle, particularly compared to the grilling Mr. Clinton got from several students at Beijing University on Monday, who challenged him on U.S. policy toward Taiwan and human rights in America.

He said the most gratifying thing about his trip was the decision by Mr. Jiang to allow their press conference, and the Beijing University speech to be carried live on Chinese television.

He said he was surprised and pleased by the decision to allow the "open, sweeping communication" with the Chinese people that those two events afforded.

"That I think was very good," Mr. Clinton said. "I think it was also good for the Chinese leaders."

Mr. Clinton sat for the 20-minute interview at the modern Shanghai Stock Exchange, where earlier he received a rousing welcome from traders on the floor.

At the exchange, Mr. Clinton conducted a roundtable discussion with young entrepreneurs, who told him of the difficulties in starting a new business, securing venture capital and dealing with the bureaucracy. Mr. Clinton told the businessmen that they were an important force for change in China and a source of the new jobs that will be needed as state-owned enterprises close.

Mexico, though it shares a long border with the United States, feels protected from overexposure to American culture by the Spanish language.

American films and television programs are popular, but the need for translations limits their appeal.

lywood has to offer," said Mrs. Copps, an outspoken critic of U.S. policies on cultural exports. "In Canada, we also know, however, that culture is more than Hollywood."

Mexico, though it shares a long border with the United States, feels protected from overexposure to American culture by the Spanish language.

American films and television programs are popular, but the need for translations limits their appeal.

## CULTURE: U.S. Gets Cold Shoulder at Conference on Protection of National Heritages

Continued from Page 1

send observers from the embassy in Ottawa.

Observers and participants said the morning sessions went by without any open hostility to American policies.

Still, American officials tried their best to keep the obvious slight from turning into yet another dust-up over cultural policies.

Gordon Giffin, the U.S. ambassador to Canada, said he met recently with Canada's minister of heritage and culture, Sheila Copps, and discussed at length the blurry line between culture and the entertainment industry.

"I'm hopeful that we'll be able to try to work things out," said Mr. Giffin, who attended a dinner Monday night for the culture ministers at the Canadian Museum of Civilization in Hull, Quebec.

Not everything that transpired here was as low key as Mr. Giffin's statement suggested. Canada and Mexico share little with countries like Iceland, Croatia and others that attended the meeting here except a fear that Hollywood and the American entertainment industry threaten their cultures.

The countries that participated want to form a special partnership with enough clout to ensure that culture is treated as an important characteristic of a nation's identity — not just another category of merchandise governed by new international treaties that seek untrained trade—including films, television programs, books and magazines.

"Culture should not be locked up in agreements on investment," said Marita Ulvskog, Sweden's minister of culture. At a similar meeting on culture in Stockholm in March, sponsored by the United Nations, delegates recognized a need for closer cooperation to protect their cultures.

They agreed to press for special exemptions for cultural needs in negotiations for the latest global trade pact, the Multilateral Agreement on Investment.

Here in Ottawa, concrete actions seemed to be few beyond establishing a worldwide website for culture ministries.

But there was an outpouring of concern over the loss of culture to the marketplace.

Because most of its population shares both the English language and a continent-wide border with the United States, Canada is in a unique position. Sixty percent of all the books sold in

Canada come from other countries, primarily the United States.

Three-quarters of all the music played on Canadian radio is not Canadian. Four or five magazines sold on newsstands in Canada are from abroad, primarily the United States.

And when it comes to films, 96 percent of what is shown on Canadian screens is foreign, the overwhelmingly majority from Hollywood.

"We appreciate the best that Hol-



AUSTRIA TAKES OVER — Chancellor Viktor Klima of Austria, left, with Presidents Jacques Santer of the European Commission, center, and Thomas Klestil of Austria during a "Festival for Europe" in Vienna on Wednesday as Austria took over the six-month presidency of the European Union.

## Swiss Criticize Lawsuit By Holocaust Victims

Reuters

ZURICH — Switzerland on Wednesday criticized the latest U.S. lawsuit by Holocaust victims seeking compensation for assets it allegedly took from Nazi Germany during World War II.

The suit filed in Washington this week against the Swiss National Bank is "politically unacceptable and legally untenable," the government spokesman, Achille Casanova, said in Bern.

The government supported the bank's position that it would fight the class-action suit and not join talks among Swiss commercial banks, Jewish groups and Holocaust victims seeking a settlement of wartime claims.

The latest suit demands the return of gold and other assets that the bank allegedly took from Nazi Germany and an audit of its transactions from 1939 to 1950.



## INTERNATIONAL

## From Gucci, a Flash of Optimism

By Suzy Menkes  
International Herald Tribune

MILAN — Sport, sex and celebrities — but not necessarily in that order — are at the heart of the current summer menswear season.

With clothes looking at first glance like something you might have in your sports locker or buy from The Gap, the designer skill lies in giving sportswear a spin.

Two American designers defined the spirit of the season. From Calvin Klein on Wednesday came a monochrome collection of luxurious clothes inspired by

## MILAN MENSWEAR

active wear — down to the drawstrings at waist and ankles that made jogging pants out of business suits. They just might play for Casan Friday on Wall Street.

Gucci's Tom Ford showed a candy-colored, larger-than-life side of high-action America — with rapper pants, surfing boots, rose-tinted shirts and rhinestone cowboy gear. His flash was a smash.

After four days of viewing tasteful minimalist menswear with sporty details, the fashion pack was ready for something different. And Ford knows how to deliver, from the specially commissioned rap music of Puff Daddy beating out "Gucci" to the fast-paced movie backdrop of swelling waves or a road movie on the Las Vegas strip.

"Optimism — I want people to be happy," said Ford backstage about the upbeat message of colorful clothes that included romantic flower prints used as

a touch of embroidery on a military shirt, or to eye-popping effect on scuba-diving pants. Think of a sleek macho version of Dolly Parton and you get an idea of the sugar-pink color palette and the Mid-nite Cowboy gear decked out with feathers, but worn with simple T-shirts.

Ford's strength is that he presents his brief collection at a rollicking pace and with a sense of humor. At one powerful moment, the Gucci show hip-hopped between Italian elegance and American cool, mixing sharp-shouldered, double-breasted jackets with ultrabaggy pants low-slung at the waist. That was the nearest the show got to a suit — from a designer whose skinny jackets and pants have defined the look of the 1990s.

For sportswear, de luxe there were rapper-cum-cargo pants in soft leather or luxury sweats with padded knees and ankles. And Ford never forgets those juicy Gucci trademarks: the red-and-green striped webbing dangling from zippers at flies or ankles, or Gucci-meets-Nike sneakers in "G"-print canvas.

It takes nerve and nerve to know when to break your own mold. With this collection, Ford again set Gucci's cracking forward pace.

Calvin Klein was heavily into sport, but with the lightest of fabrics that made jackets seem weightless, track tops no more than hooded shirts and sweatshirts sheer veils across the chest.

"Always work out," Klein said after the show, kidding about the sporty message that brought more strings than you would find on a parachute. They hung from jackets, parkas and from waists or ankles of track pants.

Since shapes were easy — square-cut

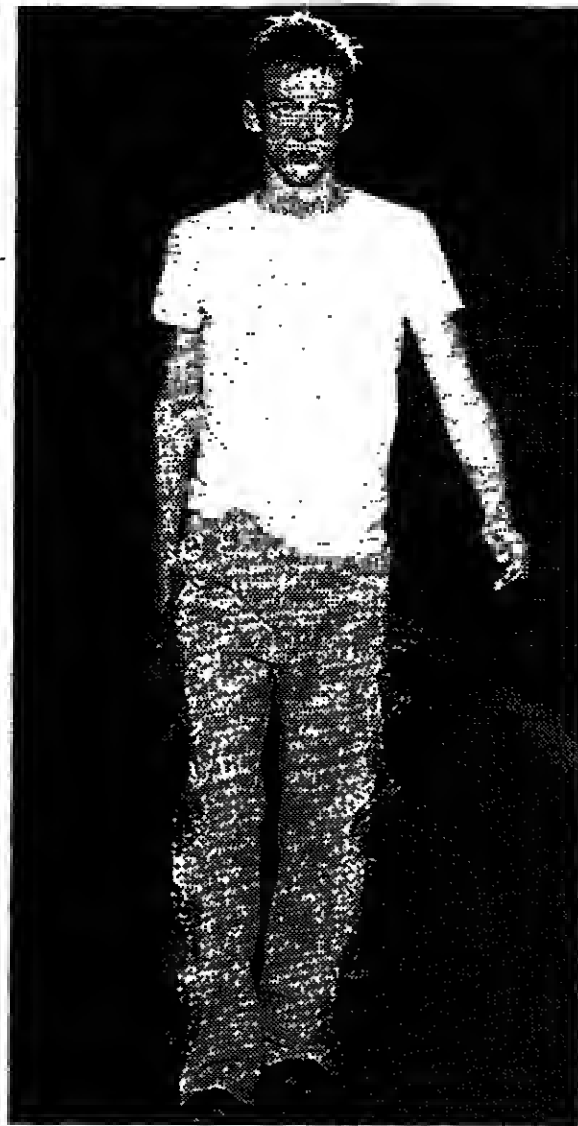
utility shirt-jackets and fluid pants — the message was in the fine-tuned details and in the fabrics, which were natural blends with rough, dry textures. There were nice touches to the leather outfits, like the suede polo shirt perforated into a sports mesh.

If the workwear feel of the casual clothes was fine, the suits for work posed a problem. The big ease seemed to make the unconstructed shapes sloppy and soggy. Putting sheer polo shirts underneath or offering drawstring pants seems like a runaway gimmick.

It was back to the locker room — or rather, ice-skating rink — for Dirk Bikkembergs, whose sportswear message was about sweaters plunging over muscular pectorals, pants flashed down the side and coats fastened with squares of velcro. Fabrics with a sheen and graphic patterns made the collection dynamic, but showy.

Trussardi fielded the movie celebrity Stephen Baldwin (Alec's hip younger brother) sitting front row. The essence of cool, he opened lazy, heavy-lidded eyes on the sweaters and cardigans that were zippered, or with the inevitable drawstrings. With its utility jackets, over-shirts and crunchy sweaters, the show hit all the trends, adding hunter-soft leather for a luxurious cycling vest, for shorts and for the classy bags the guys toted onto the runway.

In a move that called into question her commitment to European expansion, the American designer Donna Karan canceled on short notice her Milan presentation, which was to have taken place Wednesday. At her showroom, a notice told visitors the show would be held in New York on July 30.



Gucci's rhinestone cowboy pants with T-shirt.

A Shrine to Diana Delights the People  
Spencers Open Museum to Public

Compiled by Our Staff From Dispatches

GREAT BRINGTON, England — Admirers of Diana, Princess of Wales, many bearing armloads of lilies, passed through the imposing stone gates of her ancestral home Wednesday to pay respects near her grave site and to see mementos of a life that ended dramatically nearly a year ago.

Althorp House, the Spencer family's rural estate, flung open its gates Wednesday to welcome Diana fans and curious onlookers to a new museum and a first glimpse of the island where she is buried.

On the day that would have been her 37th birthday, they went to see the letters she wrote as a schoolgirl, the stunning silk dress she wore as a bride setting out on an ill-fated royal marriage and the high-fashion outfits she later wore.

All are on exhibit in a new museum built by Diana's brother, Earl Spencer, at the Althorp estate in rural Northamptonshire that is open to paying visitors for the next two months. Daily visitors are limited to 2,500 people with pre-purchased tickets.

Lord Spencer has sold nearly 150,000 tickets, at prices ranging from £5 (\$8) for children to £7.50 for senior citizens and £9.50 for adults. He has said that profits will go to charity.

Visitor facilities at Althorp include a restaurant and a shop selling a range of souvenirs associated with Diana, "but not cheapening her memory in any way," the estate says.

Lord Spencer, greeted the visitors with smiles and posed for photographs in the grounds of the house, which cynics have called "Dianaville," but which the first delighted tourists said was tasteful and dignified.

"It is wonderful," said Susan Shepherd who came with her 11-year-old daughter.

"It is the right place for her. I can feel she is here."

There is a fantastic feeling of peace."

Inside the grounds of the stately home in central England, a Diana museum — the first and so far only memorial to the "People's Princess" — celebrates her life with exhibitions of her toys, clothes, her romantic 1981 wedding dress and poignant films of her as a carefree child dancing in the gardens and later on a ride with her sons, Princes William and Harry.

"It was very tasteful, well put together and very moving," said Susan McNulty, 33. "People were quiet and reflective."

From the early school reports to moving footage of her funeral, the museum traced the life of the girl who became a princess and touched the hearts of millions with her unique blend of glamour, compassion and love-hate relationship with the media who pursued her until death.

But the men in her life were notable only for their absence. Visitors said the museum made no mention of Dodi al Fayed — the man who died with her in the Paris car crash and who appeared to have won her heart in the last two months of her life.

Prince Charles, her estranged husband, is not featured prominently in the exhibition, and Diana's former lover James Hewitt is not referred to at all. "It's as if the Spencers are trying to reclaim her as their own," one visitor said. (AP, Reuters)

## Ratifying Mine Ban

Completing an about-turn on Diana's birthday, Prime Minister Tony Blair said Wednesday that a bill to ratify an international treaty banning land mines would be published next week. The Associated Press reported from London.

"If legislation is completed in July, as we wish it to be, then we will be amongst the first 40 nations to ratify — as we promised to do," Mr. Blair told the House of Commons.

## BRIEFLY

## New Resistant Strains of HIV Described as 'Wake-Up Call'

GENEVA — Researchers said Wednesday that the emergence of transmissible strains of HIV that are resistant to the most potent drugs should be an important warning sign but not a reason to panic.

American and Swiss scientists reported cases of men who had been infected with a strain of the virus that was able to multiply even in the presence of protease inhibitors, the most powerful weapon against AIDS.

The 12th World AIDS Conference was told of the case of a middle-aged San Francisco man who was infected with HIV that was resistant to six of the 11 marketed anti-retroviral drugs, including protease inhibitors. A similar case in Geneva was reported.

Dr. Anthony Fauci, of the U.S. National Institutes of Health, said the reports were "a wake-up call" and that the men with the new strain were in a similar position to people

infected in 1983 when there were no anti-viral drugs.

Jo Reinders, a Dutch activist, said, "We should be very aware that the HIV epidemic is not over. With this case you can see again the importance of prevention." (Reuters)

## Rebels Claim They Killed Singer

ALGIERS — Algeria's most radical guerrilla faction, the Armed Islamic Group, has claimed responsibility for the killing of the Berber singer Louane Matouh, according to a statement published in Algeria and abroad.

Mr. Matouh was a popular figure outspoken in his opposition to both the government and Islamist rebels. The rebels' statement called him "among the most stubborn enemies of religion." His murder last week sparked riots in Berber-dominated northeastern Kabylie in which at least four protesters were killed and scores wounded.

The rebel claim could not be confirmed by independent sources. But the Algerian government has blamed Muslim guerrillas for the killing. (Reuters)

## National Test Stumps Canadians

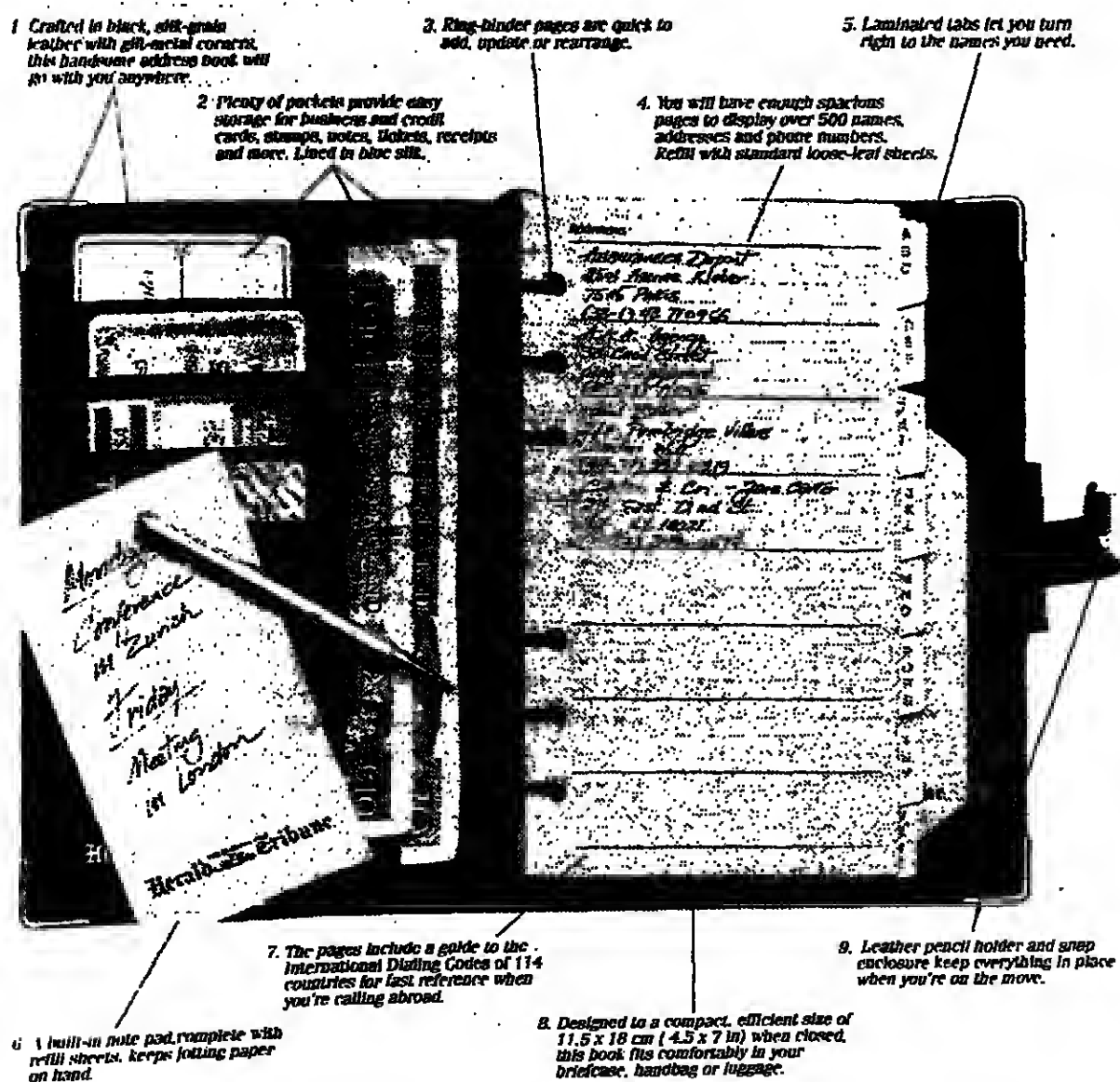
TORONTO — Many Canadians think the country's motto is France's "liberty, equality and fraternity," according to a National Day survey, and only half the 1,500 respondents got a passing grade on questions about history, politics and geography.

The results gave fresh ammunition to those who say that Canadians know too little about their country. (AP)

## 15 Injured in Guyana Protest

GEORGETOWN, Guyana — At least 15 people were injured when police fired rubber bullets to disperse anti-government protesters in Guyana's capital.

The demonstration by about 200 people was organized by followers of a former president, Desmond Hoyte, who has refused to recognize the election of American-born Janet Japan to the presidency in December. (Reuters)



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## TribTech

# Computer Plumbs Michelangelo's Pieta

Can 80 Gigabytes Solve an Artistic Enigma?

By Michael Specter  
New York Times Service

**FLORENCE** — He was a sick old man when he started the monumental project, unable to climb stairs without pain. Often, he could not work. But at some point in the middle of the 1540s, Michelangelo began carving what many art historians regard as his most mature and provocative sculpture, the piece now known as the Florentine Pieta.

The sculpture was enormous — nearly 2.5 meters (8 feet) tall. Michelangelo intended the statue for the top of his own tomb. But one day, without a word of explanation and after a decade of brutal labor and emotional pain, the artist took a sledgehammer to it.

He broke away hands and arms and legs and clearly destroyed the work before one of his most devoted servants dragged him away. Eventually it was patched together by one of his less talented assistants.

"Why did he do it?" asks Jack Wasserman, professor emeritus of art history at Temple University, echoing a question that has tormented researchers for four centuries. "What was it that happened that led him to break apart one of his greatest works of art?"

The usual answers — that Michelangelo was a perfectionist, that he was enraged by discovering flaws in the marble, that he was angered by a mistake in his composition — do not really satisfy anybody.

So at the request of Mr. Wasserman, who is preparing a lengthy book on the Pieta to be published this year by Princeton University Press, a team from the visual — and geometric — computing department at the IBM T.J. Watson Research Center in Yorktown Heights, New York, decided to get involved.

Now scientists, armed with special photography equipment, lasers, X-ray machines and the most powerful computers in America, are trying to help resolve one of the most intriguing mysteries of Renaissance art. But it will not be an easy task.

"There are many problems here that I realized I would never solve by normal means," Mr. Wasserman said. "I wanted to be able to move the statue, to take it apart, to see it the way it was when Michelangelo broke it up. How was I ever going to accomplish any of that?"

In addition, Mr. Wasserman said he wanted to be able to look at the statue's

individual parts and understand what it looked like before the broken pieces were put back on.

Working with a special visual shape camera called a Virtuoso, the IBM researchers are compiling the most complete digital documentary ever attempted of any sculpture. Using the camera, which was originally designed for plastic surgeons to take three-dimensional photographs, scientists were able to take thousands of accurate 3-D pictures of every millimeter of the gargantuan statue.

The camera works by taking several pictures of images at the same time from slightly different perspectives, creating something like a three-dimensional map of the area. Thousands of maps are made, and then they are merged with the help of the computer.

The camera also takes color pictures at different distances and in varying light. They too are blended by computer.

Working at night when the statue's permanent home, the Museo dell'Opera del Duomo, is closed, the team has so far assembled more than 10 million data points — essentially digital recollections of parts of the statue — that will be merged to create with astonishing fidelity the complex contours of the chiseled stone.

The team has collected enough data to fill 8 gigabytes of hard disk space — four times the size of a normal hard disk in today's average computer. When they are done, the researchers will have gathered at least 80 gigabytes of information needed to create an image of the statue.

That is actually the easy part. Creating a program that will allow the picture to be compressed enough so that it can be placed on the Internet, and made available to millions of people, might prove far more difficult.

"You see some nice three-dimensional graphics," said Gabriel Tauhin, the manager of the visual research team at IBM. "But out of this scale, to recreate something as complicated as this statue is an extremely difficult research problem. To merge thousands and thousands of pictures into something that gives the appropriate sense of space and shape and contour is really very hard to do."

"And then to make it approachable by anyone who wants it, well, that's our goal."

Mr. Wasserman has a different goal. He wants to understand the statue — and he wants to be able to see it from every possible angle. Once the IBM team finishes its work, it should be possible to look at it with the arms and legs missing and perhaps see what Michelangelo was up to.

It will be possible to look at the monument as if it were on top of an altar or tomb, as the artist had intended. Most important, it will be easy to manipulate



Michelangelo's Florentine Pieta in the Museo dell'Opera del Duomo.

the model of the massive block of stone — and to vary the light conditions under which it is seen.

But there is no computer program, no feat of technical virtuosity or sophistication that could possibly compare to being in the room with the Pieta. It is harking and tragic and dominates the space allotted to it here.

Every statue is a unique collection of shapes, but this Pieta is particularly complex. A computer model might let a viewer get a glimpse inside the head of the artist. One of Christ's legs is still missing. It has been suggested that the only place it could have fit in the composition is draped over the Virgin.

And that might have pushed Michelangelo beyond what he and his church regarded as the bounds of decency. With the IBM model, it will not be difficult to add a virtual leg or to see what sort of statue would have come from it had Michelangelo done the same thing.

There is also a danger, cited by Mr. Wasserman and many other art historians. Even if the computer can "fix"

and embellish art, it cannot reproduce it. There will always be only one Florentine Pieta, no matter how useful or important its virtual offspring may become.

"This is a profoundly moving and rich reflection of the times in which it was created," said Monsignor Timothy Verdon, who is head of cultural programs for the Roman Catholic Church in Florence and a historian who has written a chapter, to be included in Mr. Wasserman's book, about the religious significance of the statue.

"Of the three Pietas that he did, this is the most complex, the most interesting. It is the one that still has the power to move people to prayer."

So, could understanding one of what Father Verdon calls "the great works of his old age, one of the great works of the Renaissance," be aided by the use of fancy technology from the late 20th century?

"I don't see how," he replied with a bemused smile. "I'm not a Luddite by any means and I appreciate what Jack is trying to do. I certainly respect his work. But you can look at a model forever and you won't see what is in this room."

## ALT / Commentary

# Mobile Phones Move In On the Terrain of the PC

By Mike Mills  
Washington Post Service

**WASHINGTON** — How could I help but imagine that I was Val Kilmer in "The Saint"?

I was, after all, racing in a taxi toward La Guardia Airport, tapping furiously on a Nokia 9000i cellular phone/Web browser/e-mail device — the same gadget that Mr. Kilmer relied on to get him out of trouble in his 1997 master-of-disguises thriller.

No bad guys were shooting at me from behind. Still, there was suspense, and there was a fast-moving vehicle, as well as a race between the clock and technology.

All right, I hyperbolize. The suspense boiled down to a question: Could this thing, before the cab reached the airport terminal, actually allow me to make a wireless call, cruise the Web and download my e-mail at 40 miles per hour, all while being in "roaming" mode away from its home network?

If it could not, I had decided beforehand, it was useless.

This isn't Hollywood, so I'll give away the ending. The call went through, I read the latest wire service headlines off the Web, and yes — just as the cabbie pulled to the curb — the Nokia successfully downloaded half a dozen waiting e-mail messages, allowing me to read them on the plane.

Pretty cool. But there are caveats. The phone is too big and heavy (it's about 6.75 inches by 2.5 inches and about an inch thick, the size of a bulky older cell phone). The data rate is way too slow. And the screen is too small and too hard to read.

Still, the Nokia 9000i is a glimpse at the future of mobile wireless telephony and computing. And, despite its shortcomings, the thing really did turn a 45-minute ride into a productive session of work.

The Nokia 9000i has been in use in Europe for two years but only recently became available in the United States, offered by Sprint Spectrum. Price of the hardware here: \$899. The data service costs \$3 per month and 10 cents per minute, in addition to a regular Sprint Spectrum phone rate plan.

The Europeans are fighting hard to retain their edge in setting the standards for the marriage of wireless and the Web. Last week, the world's three biggest mobile phone makers — Finland's Nokia Oy, Sweden's LM Ericsson AB and Motorola Inc. of the United States — said they would jointly develop a standard for operating software used in Web-based cell phones. That puts them ahead of Microsoft Corp.'s Windows CE, now used in many palmtop computers, and may even lock Microsoft out of that market completely.

Nokia's is a digital wireless phone with a "clamshell" design that, when opened, reveals a small keyboard and monochrome screen. Users can type in Web addresses or choose from a "hot list" to see a site, or send and receive e-mail. There's also a personal organizer, including a note pad and calendar. When the phone cover is open, it functions as a speaker phone, allowing the user to talk and type.

In real life, the Web browser is agonizingly slow, at 9,600 bits per second. Nokia allows you to shut off the graphics and download only text from Web sites, which helps immensely. A user would have to be extremely patient, or want the information very badly, to put up with the wait to get the full-graphic version of a site.

Y on also will need patience, and more than a little hand-holding, to get the Nokia hooked up to communicate with your Internet service provider. And expect major hassles if you want the Nokia to jump past your corporate firewalls at work to retrieve e-mail.

That aside, the best features on the unit are its e-mail and fax options. The device pulls down all waiting messages from your e-mail account, then automatically logs you off to save air time. After some fussing with learning how the "outbox" works, I found composing and sending e-mail to be fairly intuitive. When you send a fax, it comes out at the other end with a nice, basic cover sheet.

In all, the Nokia 9000i using Sprint Spectrum's network is a fine way to glimpse where wireless phones are heading. But a glimpse is all it is. It's a Ford Model A in the race to marry palmtop computing to wireless phones.

The next generations of phones will be smaller, have longer battery life, operate at much higher data speeds and have much broader features. It's not outlandish to put it this way: Think of all you do on your personal computer and telephone today, and stuff it all into your pocket.

Whatever standard emerges, it could change the dynamics of the personal computing industry. Some analysts think low-cost palmtop devices with built-in wireless connections will even overtake personal computers.

The PC's status as the dominant device in the access portion of the digital marketplace will splutter to an end within six years, predicts Frank Gens of International Data Corp. "PCs will be dwarfed by demand for digital consumer appliances that have built-in connectivity and cost relatively little."

If that happens, reality will be one step closer to catching up with Hollywood.

Mike Mills is the telecommunications reporter for the Washington Post.

## SITES

More about the Virtuoso visual shape camera can be found at:

[www.vistint.com/products/virtuosol/index.htm](http://www.vistint.com/products/virtuosol/index.htm)

The IBM research center's site is at: [www.watson.ibm.com/](http://www.watson.ibm.com/)

# CompuServe Seeks to Mimic AOL in Key Area: Profit

By Beth Burkstrand  
Washington Post Service

**WASHINGTON** — The venerable on-line service CompuServe unveiled a new format this week that is designed to appeal to the millions of harried professionals who have yet to venture on-line and to get the unprofitable service back in the black by the close of the year.

CompuServe executives say the new, somewhat slimmed-down service with Version 4.0 of its access software is "better, faster and easier," featuring a more graphical main menu with more than 100 links to other pages.

Skeptical devotees of CompuServe had feared that their service's functional appearance would give way to the softer look of America Online after AOL bought CompuServe in February. The new version of CompuServe is not a clone of AOL, but rather a step toward a more graphics-intensive design.

It is a step that has created divided opinions among analysts and users who have seen the face lift, but a step that one CompuServe official said was long overdue. "We've been pretty hard to use for a long time," said Bob Kingston, CompuServe's programming vice president.

Founded in 1979, CompuServe helped pioneer the on-line industry, offering electronic mail and an ever-growing collection of information such as news, electronic discussion forums and financial data. It built a solid core of devoted subscribers, many of them computer specialists and other professionals, but in the 1990s it began to be eclipsed by more consumer-oriented services, notably America Online.

The number of CompuServe users was in a fairly steady decline through 1997, company officials said. They say they have now stopped the erosion, with membership hovering at around 2 million worldwide.

CompuServe officials say they are committed to strengthening the service, with an eye toward appealing to a particular kind of user.

"You hear a lot about surfing the Web, browsing the Web — that's really not what CompuServe is about," said Audrey Weil, CompuServe's chief operating officer and a former AOL executive. CompuServe will aim for "serious, time-constrained adults" who want to accomplish all their on-line needs in 10-minute sessions, she said.

In that vein, CompuServe is not going to try to attract current AOL users. "We're not expecting people to switch to CompuServe," Ms. Weil said. "AOL is always going to be bigger. CompuServe is a bit of a niche."

CompuServe officials said the new version had a simplified installation process and short load time that would ease the trepidation of the inexperienced Internet users they are hoping to attract.

Keith Benjamin, managing director and Internet analyst at the investment firm of Robertson, Stephens & Co. in San Francisco, said he had not used the new service hot that, on paper, he liked

its appearance.

"This looks a lot more friendly," he said after seeing a copy of the new CompuServe main menu. "It might open up the popularity to a slightly broader business base."

Still, he said that the new version's features might be less important than the service's marketing.

CompuServe plans to market the new version using radio, television and print advertisements, with the line, "Complete. Comprehensive. CompuServe." For those serious about Internet on-line, CompuServe has two membership plans: \$9.95 per month for five hours plus \$2.95 for each additional hour, or \$24.95 per month for unlimited use.

Ms. Weil said CompuServe was on track to be in the black by the end of the year.

Because much of CompuServe's overhead was eliminated when the company was acquired by AOL, Mr. Benjamin said, it "can be incredibly profitable."

"If they can get even the slightest amount of growth, it can be a big deal for AOL," he said.

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## TECHNOLOGY INDEX

A glance at technology stock indexes around the world

North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	345.95		+ 19.06
Standard & Poor's Technology Composite	896.56		+ 28.09
Europe			
Morgan Stanley Eurotec	664.80		+ 72.58
Asia			
Topix Electric	1788.42		+ 8.77

Source: Morgan Stanley, Bloomberg News

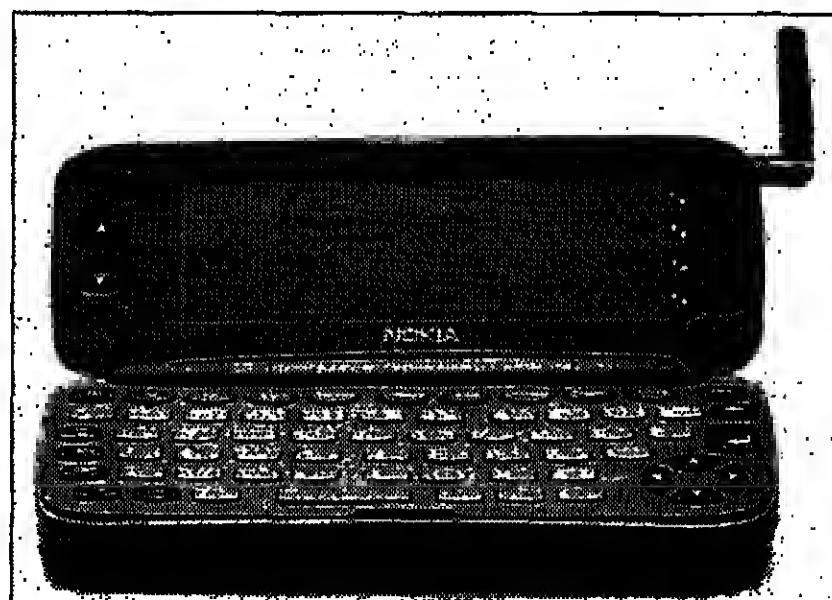
For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Deutsche Telekom Enters Japan Market, June 26
- Metro AG to Sell Computer Unit, June 27-28
- Behind AT&T's TCI Acquisition: The One-Wire Strategy, June 30
- News Vorp. to Create Entertainment Firm, June 30
- Technology Giants Plan Big Layoffs, June 30
- Computer-Profit Outlook Spurns Wall Street, June 30
- Vox Ownership Likely to Be 50-50, June 30

\* Morgan Stanley has reconstructed the Eurotec Index as of April 1st.

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to [tribtech@ihl.com](mailto:tribtech@ihl.com).

International Herald Tribune



The Nokia 9000i is a cell phone, Web browser and e-mail device, all in one package. It points to a future where the PC may no longer dominate.

# Retired Mainframes Find New Life as Flashy Furniture

By John Markoff  
New York Times Service

**SAN FRANCISCO** — In supercomputing, the time separating the world's fastest computer from the scrap-metal heap is appallingly short.

But when it comes to supercomputers, to become obsolescent isn't necessarily to become useless. While many of these machines are mothballed in dark basements, a few are proudly displayed in private homes as though they were objects d'art.

The obsolescence of a supercomputer is predictable. The reason, of course, is Moore's Law. Three decades ago, the co-founder of Intel Corp., Gordon Moore, observed that every 18 months it is possible to place about twice the number of transistors on the same piece of silicon. So now personal computers are nearly as fast as yesterday's supercomputer — which cost many thousands of dollars more.

The life span of a supercomputer, which may cost upwards of \$30 million, is typically five years, and sometimes far less.

But there is no pasture to go out to when a supercomputer is retired. The life of a machine is nasty, brutish and short. Enter the connoisseurs.

In a warehouse in suburban Seattle,

Nathan Myhrvold, Microsoft's chief scientist, keeps a growing collection now numbering six supercomputers — three early Crays and three Connection Machines made by Thinking Machines Corp. The Cray 1, designed in 1976 by the legendary inventor Seymour Cray, was notable in part because it was a round refrigerator-shaped cabinet encircled by a padded bench.

Today, the original Crays have less processing power than some \$1,000 personal computers, but as fashion statements, their time may be here again.

Mr. Myhrvold is planning a new home that will rival that of his boss, Bill Gates. It will have a living room big enough for a supercomputer.

"The key aesthetic is that it is the most expensive sofa in the world," said Mr. Myhrvold, who bought his machines for their salvage costs or for a few thousand dollars.

Mr. Myhrvold is not the only computer designer who finds the furniture concept attractive. Brewster Kahle, a founder of Thinking Machines, has big plans for his Connection Machine, which has thousands of flashing lights and would look right at home on the flight deck of the starship Enterprise.

"It's awfully big," said Mr. Kahle. "I think I'm going to need a conference room to display it in, or maybe my next living room."



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## EDITORIALS/OPINION

# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Change in China

Bill Clinton's trip to China has given Americans an extended look at political life in that complex and changing country. Some of what they have witnessed was predictable, including the Chinese government's effort to clear out dissenters from President Clinton's path. But a good deal was not, like the uncensored broadcast in China of his news conference with President Jiang Zemin. The signs of unexpected openness may be the most encouraging development of the Clinton visit.

Whether the change is a temporary relaxation or a harbinger of greater freedom is not clear. China for the most part remains a repressive dictatorship. But modest liberalizing changes have been under way for much of the last year. They seem to reflect the growing confidence and power of Mr. Jiang.

Officially, he has been China's top leader for the past nine years. But it was only after the death of Deng Xiaoping last year that he defined his own position, endorsing accelerated privatization of industry, banking reform and slightly freer political debate. He took another step last weekend by debating some of the most sensitive issues in Chinese politics with Mr. Clinton on live television, including the Tiananmen Square massacre of 1989 and Beijing's policies toward Tibet.

Mr. Jiang's words conveyed important nuances to Chinese listeners. His characterization of Tiananmen as a "political disturbance" departed from

the official line that it was a "counter-revolutionary riot." Also, he offered a dialogue, with conditions, to the Dalai Lama, Tibet's spiritual leader. These words may be taken as a license to broader public debate on both subjects.

Mr. Clinton has also encountered less encouraging attitudes. The nationalistic none of questions asked by students at Beijing University, China's traditional democratic hotbed, was disheartening. It suggested that heavy government pressure directed against students and faculty there since the Tiananmen repression had changed the intellectual climate.

Ordinary Chinese, however, are somewhat freer today to express political views in private, and freedom can become contagious. Mr. Jiang seems to understand that a society organized around money-making is harder to regiment than one organized around the nostrums of Chairman Mao. Despite censorship and other government restrictions, exposure to global commerce, television and the Internet are chipping away at the old restraints.

As China continues to modernize its economy, it will face new pressures from within and without to open up its political system as well. Mr. Clinton has repeatedly used his public appearances on this trip to point out the connection between economic and political freedom. Millions of Chinese have been listening attentively.

—THE NEW YORK TIMES.

## A Serious Congress?

Before the House of Representatives broke for the July 4 recess, Speaker Newt Gingrich issued a welcome pledge to get Congress back on track in the international arena. He did not promise to pick up every ball that Congress has dropped, and there are many. But his promises, if fulfilled, would represent a step in the right direction.

On a range of issues, Congress this term has put the United States in a position of abdicating its international responsibilities. Most egregious, and dangerous to America's reputation and effectiveness overseas, has been the failure to approve funds to pay long-overdue U.S. dues to the United Nations. Money for foreign aid and operations also is in danger of being cut this year. Despite financial crises in Asia, possibly now spreading to Russia and beyond, Congress has not agreed to replenish U.S. funding for the IMF, the global lender of last resort. And last fall President Bill Clinton had to pull his request for fast-track trade negotiating authority after he could not assemble a majority in support.

On most of these issues, the Clinton administration has lobbied hard to overcome congressional resistance. Its failure does not stem so much from a trend toward isolationism in Congress as from coalitions and objections that are specific to each issue. Opposition to fast-track, for example, dwells mostly among Democrats concerned

about jobs migrating overseas. A group of House Republicans has delayed UN funding as a tactic in an unrelated dispute over abortion. IMF funding is even more complicated; congressmen on both left and right object to the secrecy with which the IMF operates and, in some cases, to the economic medicine it prescribes.

None of these objections is trivial, but taken together they create the appearance of a drift toward isolationism, withdrawal and hesitation in the face of global economic crisis.

The speaker unfortunately did not address the question of United Nations dues, and in his promise of a September vote on fast-track there may be something of a taunt to Democrats, who don't want to face this issue before the elections. The politics work differently for Republicans. Mr. Gingrich made his pledge to the House Agriculture Committee chairman, since farmers are especially concerned about the dwindling of export markets. Business groups, too, have complained that the Republican Party they have long supported is wavering in its traditional backing for free trade.

That politics are involved, however, does not detract from the value of Mr. Gingrich's pledge. If political pressures now push Congress toward an acceptance of its international responsibilities, that is all to the good.

—THE WASHINGTON POST.

## Other Comment

### Aid Can Really Help

Poverty is a very serious problem — 1.3 billion people live in extreme poverty, making less than \$1 a day, and that's a very, very serious problem. And if you were to summarize the effort, the goal of the entire development community, it is to try to eradicate poverty.

I think a lot of the reason for the rise in per capita income has been the end of the Cold War, where we no longer have these severe ideological debates. But economic assistance has been an important part of it because one has to understand that many of these poorer countries did not have the resources to invest in human capacity. They did not have the resources to provide health care for their own people.

So when you take, for example, South Korea: The United States alone invested \$16 billion in Korea in the 1950s, and most of that money was spent on education and health care. That provided the productive base for Korea's economy and for its economic growth today.

You take that story and you repeat in many times over, and if you look at all of Latin America, which has been a tremendous success story in terms of development, I think you'll see that development assistance and the tech-

nical advice received from many of the countries that had already achieved economic growth played the crucial role.

—J. Brian Atwood, administrator of the U.S. Agency for International Development, at a special State Department briefing on Monday.

### Muslims Belong in India

Over many centuries, India developed some important centers of Islamic thought that continue to enjoy considerable prestige throughout the Islamic world even today.

We are proud of the fact that India has the second largest Muslim population in the world and enjoys the same rights and status as conferred on all Indians by our constitution. India is a "secular" state and has guaranteed the cultural rights to our various communities. This has made India a truly pluralistic, multicultural society.

My government is committed to upholding the rule of law and the provisions of the constitution. We are an open, democratic and tolerant society. All minorities are safe in India, as India is their motherland, as much as it is of the majority community.

—Atal Bihari Vajpayee, prime minister of India, in an interview conducted for the Saudi Gazette (Los Angeles Times Syndicate).

## Look Out, America, History Doesn't Stand Still

By Jim Hoagland

WASHINGTON — Three vignettes illuminate the enduring hydraulics of global power at the end of the 20th century.

OPEC members are struggling to get the inflation-adjusted price of crude oil back up to 1973 levels, when producers turned the world upside down. Humbled by market forces that its temporary success set in motion, oil power is old power today, weakened also by its own excesses and vulnerabilities.

Meanwhile, Japan, which replaced OPEC as the Godzilla of the global economy in the 1980s, is trying to recover from recession and a domestic banking crisis that makes America's S&L bloodletting look like a shaver's nick. Today as much as \$1 billion a day flees Japan's capital markets in desperation, landing for the most part in U.S. financial paper and driving the once mighty yen through the floor.

Politically as well an old order struggles to maintain an eroding balance. Russia and France, which have seen their global clout diminished in this decade, battle diplomatically to keep decisions about action on Kosovo and Iraq out of NATO, where they have uncertain influence, and in the United Nations Security Council, where they

are two of the five members who have permanent seats and veto rights.

Russia and France make little secret of a determination to use international decision-making bodies where they can wield historically granted influence to slow the flow of power to others.

That ambition also underpins their strong insistence on using the Security Council's Permanent Five group as the chief forum for discussion and action to respond to nuclear weapons testing by India and Pakistan.

These mid-1998 moments in looking backward — OPEC's efforts to fix its price-fixing system, Japan's escape from its own money, and French-Russian multipolar diplomacy — are separate events with their own causes and effects. The nonlinear binges of history apply: Revolution in Saudi Arabia could bring OPEC's clout back overnight; Japan still has a mighty if out-of-whack economy; France and Russia have ambitions other than obstructionism embedded in their foreign policies.

But they are all instructive rear-guard actions triggered by a need for stasis that nations, like humans, find

necessary to establish and impossible to maintain indefinitely.

Statesmen, perhaps under the influence of their own eloquence and importance, often underestimate the extent to which global power operates as a hydraulic system. In politics as in economics, disruption of an existing balance creates an opposite, reactive force that pushes back toward equilibrium.

Usually the new effort will overshoot its target and bring a new imbalance, which in turn must be diffused and eventually corrected. History is not an ash heap as Marx suggested, or the domain of one indispensable nation, as others argue, but a constantly churning piston.

There are direct and specific causes for the division and reunification of Germany; the creation and dismemberment of the Soviet and other empires in this century; the rise, fall and rise of American global economic dominance since 1945.

But just as Americans were wise to question the inevitability of U.S. decline that was widely and wrongly predicted in the 1970s, they should be slow to accept suggestions that today's American ascendancy in global affairs is an unalterable condition beyond the reach of history's hydraulic urge.

OPEC's power seemed unalterable to those who wielded it in the oil crisis days of 1973 and 1979, but the cartel's pricing system opened the way for other players to change the market. Management, corruption and venality by national leaderships robbed most OPEC member states of the vitality and maneuvering room needed to respond to a world they forced to change.

The United States is not likely to make those mistakes. But it is not immune to more subtle ones. Is it possible that this year's gigantic and accelerating capital flow from Japan into America's excessively exuberant markets is a disguised export of the financial bubble that laid low Tokyo's markets? It is a question worth asking now, rather than after the fact.

In every era, men and women have displayed a boundless ability to allow success to turn any nation or enterprise complacent, inattentive and even lazy, while hardship makes some other group or nation hungry, determined and focused enough to appropriate the success of the moment.

This is the force of human nature, not grand political or economic theory, which drives the piston of history.

The Washington Post.

## A Year of Asian Crisis: Lessons for Losers and Winners

By Thitinan Pongsudhirak

BANGKOK — One year after igniting Asia's financial crisis, Thailand has been learning the painful lessons of taking on the forces of global financial markets without proper preparation.

The Thai private debt crisis, rooted in a profligate and unprofessional finance and banking sector, was not unprecedented. A similar disaster had convulsed the country in the early 1980s when a string of finance companies and wobbly banks had to be taken over.

The major differences in 1997 were: an open capital account allowing free movement of foreign money; the unsuccessful attempt by the Bank of Thailand, the central bank, to defend the overvalued baht, instead of devaluing it as in 1981 and 1984; and collusion by senior central bank officials with a

group of unscrupulous commercial bankers and politicians.

The result was that the central bank's mismanagement of one medium-sized commercial bank that was insolvent led to a systemic financial collapse, sparking a regional panic.

Thailand's protected and largely family-controlled banking and finance industry contained many structural weaknesses. These were quickly exposed. Controlling a large chunk of the country's wealth, Thai banks and finance companies had long engaged in unsound lending to relatives, friends and associates.

Reinforced by shoddy accounting and auditing standards, such practices were based on personal connections, rather than on business merits.

They were perpetuated by a pattern of social relationships that tended to create and keep wealth inside the elite at the expense of the majority of the Thai population of 60 million who live outside Bangkok.

Hence the ever widening income disparity between rich and poor, and between Bangkok and the countryside, in the previous decade of rapid economic growth.

There would not have been such glaring inequality in income distribution if the government had been more adept at handling the newfound wealth. But tax codes and collection were defective. Tax evasion was rampant. Few paid attention to the problem because state revenues were increasing steadily as the economy expanded.

Part of the problem was that laws and regulations were either inadequate or ineffectively enforced. The police, public prosecutors and the judiciary did not always act independently.

Graft and inertia in the bureaucracy siphoned off, or slowed, public spending on national development projects. Political leaders played a role in this vicious circle, taking money from public contracts to pay for re-election expenses and advance their vested interests.

It takes a crisis to change such an entrenched, deeply flawed system. Without the shock of economic adversity of the scale that has hit Thailand, the country's finances would not have been reformed to meet the demands of globalization.

Two lessons are to be drawn from the crisis. Developing countries elsewhere should

streamline and strengthen their financial systems voluntarily before a crisis forces them to do it in difficult circumstances.

And the IMF and developed countries need to reconsider their policy of pushing for a free flow of capital in and out of developing nations. They need to balance the pace of liberalization with the readiness of local financial systems.

Unfettered capital flows may be beneficial to international bankers and fund managers. But, as the East Asian experience now shows, when financial systems implode, the adverse consequences can be felt around the world.

The writer is a lecturer at Chulalongkorn University in Bangkok. He contributed this column to the International Herald Tribune.

## The Case for an Asian Return to Fixed Exchange Rates

By Malcolm Dowling

MELBOURNE — A year ago this Thursday, Thailand's defense of its currency failed. The baht fell sharply, triggering a downward spiral of other currencies in East Asia.

Japan, Indonesia, Thailand, South Korea and Malaysia are in the grip of recession. The Philippines, Singapore and Hong Kong may soon follow.

The macroeconomic adjustment measures undertaken at the behest of the IMF have not produced the desired effect. Something more needs to be done to restore confidence. A dramatic shift in perspective is needed if Asia is to extricate

itself from a spiral of negative expectations, weak currencies and falling demand.

Producers of manufactured goods are being starved of credit as monetary policies are tightened. But such policies have failed to restore stability.

The common thread that runs through the countries hit by the crisis is the failure of exports to pick up despite much more competitive exchange rates. The reasons: lack of finance, punishingly high interest rates and an overwhelming debt burden.

Suspended convertibility and went back to fixed exchange rates tied to the dollar or a basket of currencies.

The IMF and industrial nations would be outraged. IMF assistance packages worth more than \$100 billion might be withdrawn. It would certainly be harder to invest in these Asian countries, since their central banks would control the access to foreign exchange.

But there would be compensations that outweigh the disadvantages, particularly in the short run.

By disentangling domestic policy from international policy, and cutting the tie between interest rates and exchange rates, the shift to a fixed currency regime would enable Asian countries to lower interest rates, expand short-term credit to exporters, and begin to revitalize industrial production and stimulate growth.

The burden of external debt would be lightened by a stronger exchange rate. Perhaps most important, adopting fixed exchange rates would reduce the extreme volatility in currency values and financial markets that has been so damaging to business.

The level of these fixed exchange rates would have to be determined, and that would be challenging. It would require close cooperation among countries of the region, perhaps within the structure of, or sponsored by, the Asia-Pacific Economic Cooperation forum.

Some devaluation relative to pre-crisis levels of the affected East Asian currencies would be necessary, and it would be critical to avoid a situation in which individual countries were tempted to devalue anew.

It would be reasonable to expect a new set of exchange rates in which each country maintained its competitiveness with others in the region at the pre-crisis level.

The longer-run implications of a return to fixed rates would have to be studied carefully.

In 1972, when the world abandoned the fixed exchange rate architecture established at Bretton Woods after World War II, there were high hopes that a

flexible system would stimulate trade and bring a new era of prosperity. To a large extent, these hopes were realized. In the next 25 years, the volume of world trade expanded rapidly, and foreign investment helped many countries, both in Asia and other regions, to achieve unprecedented prosperity.

Flexible exchange rates have also brought greater fiscal discipline, as excess government spending tends to feed quickly through to the exchange rate.

But that same system, combined with globalization and the information technology revolution, has brought greater volatility and higher risks, as huge amounts of money are shifted to take advantage of perceived differences in risk and return.

This volatility, and the contagion effects which flowed from the Thai meltdown, suggest that freely floating exchange rates and open capital accounts need to be rethought.

At the very least, the Asian crisis should prompt a fundamental re-examination of the way international trade and payments are conducted. If the European Union's single currency is launched, as scheduled, in January, it could help establish a system of fixed exchange rates, and coordinated monetary and fiscal policies, for the rest of the world.

The writer, a former assistant chief economist at the Asian Development Bank in Manila, is an associate professor of economics at the University of Melbourne. He contributed this column to the International Herald Tribune.

## No, Trade Is Not a Magic Wand

By Robert E. Lighthizer

WASHINGTON — A cynical view claims that trade with China will somehow encourage human rights and more responsible international behavior. This reasoning is certainly enticing, suggesting that the United States can make money while doing the right thing. Unfortunately, it is wishful thinking.

Take the claim that trade improves human rights. Apparently, this argument rests on the theory that trade leads to capitalism, which cannot flourish in a totalitarian society. But history shows that different countries choose different levels of capitalism, and that capitalism alone does not persuade countries to give up all of their oppressive practices.

For instance, South Africa long combined a market economy with apartheid. Economic sanctions surely played a role in dismantling this system, but far more important were the political forces around Nelson Mandela and the threat of greater insurgency from more radical factions of the African National Congress. Economic "engagement" by American companies played little or no part in the process.

The correlation between economic growth and political freedom, taken as a matter of theology by many, has little support in experience. The last quarter-century has seen enormous growth in East Asia, and this growth has frequently occurred under political systems that can hardly be described as full-fledged democracies.

At the same time, countries in Western Europe saw their economies burdened, and their growth rates lowered, by

social welfare programs and health and safety regulations that their voters demanded. Business rewards efficiency, and dictatorships can in certain circumstances be far more efficient than democracies.

Businesses often have a strong incentive to oppose political change. When a company enters a country, it naturally creates relationships with those in power, such as the close ties that foreign businesses maintained with the Suharto family in Indonesia. Such relations often become worthless once the country undergoes the revolution that accompanies a greater respect for political freedom.

So it is foolish to think that more trade between the United States and China will resolve the political tensions between the two. Countries are not corporations; they do not always act with an eye toward the bottom line.

Even the United States, the most market-oriented great power in world history, has never had a foreign policy motivated solely by dollars and cents. Many factors have proved more important, including national pride, military threats, domestic politics and concern for human rights. If profit does not reign supreme in American calculations, Americans can hardly expect it to do so in a country like China, which has shown that it is willing to suffer tough economic sanctions to preserve its power.

History also teaches that strong trading ties are no guarantee of peaceful relations. The American colonies had powerful economic links to Britain when they declared their independence. The North

and the South traded extensively with each other before the American Civil War. The German and British economies were tightly intertwined at the beginning of both world wars.

Countless other examples could be given, but the point is the same: Trade alone cannot douse the flames of international rivalry.

In fact, prosperity often contributes to conflict. The enormous growth of Germany in the late 1900s encouraged it to seek a greater role in world affairs, thus contributing to the aggressiveness and nationalism that helped start World War I. Japan's economic success in the early decades of this century fed a desire for conquest that led to Pearl Harbor.

On the other hand, the leaders of the Soviet Union learned that economic difficulties can cripple an ambitious foreign policy.

Does all of this mean that one should try to thwart China's efforts to be seen as a more prominent player in the world economy? Not necessarily. The United States could derive many economic benefits from a positive relationship with China, and increased trade ties might well contribute to such a relationship.

But trade is no magic wand to resolve all tensions. U.S. politicians cannot expect trade to promote human rights in China or ensure that China does not harm the U.S. national interest. These problems must be solved by statesmen, not entrepreneurs, and no amount of profit (or wishful thinking) will ever make it otherwise.

The writer, a trade lawyer, was a deputy trade representative in the Reagan administration. He contributed this column to the New York Times.

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NYSE

**Wednesday's 4 P.M. Close**  
The 2,600 most traded stocks of the day.  
Nationwide prices not reflecting late trades elsewhere.  
The Associated Press.

12 Month	High	Low	Stock	Div	Yld	PE	100% High	Low	Latest	Change
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## WALL STREET WATCH

### Not So Pleasing to Investors

Largest one-day stock price declines after a proposed acquisition. Only deals of more than \$500 million are included.

Acquirer	Acquisition	Acquirer's closing stock price*	Change from day earlier*
Northern Telecom	Bay Networks	\$54.00	-15.2%
Roslyn Bancorp	TR Financial	23.563	-14.7
Alcatel Alsthom	DSC Communications	39.125	-9.9

\*On day that deal was announced. Source: CommScan. The New York Times

## Investors Turn Skeptical Of High-Profile Mergers

Company Stock Prices Are Often Punished

By Reed Abelson  
New York Times Service

NEW YORK — Investors may be growing weary of the merger frenzy. Chief executives continue to do a dizzying number of deals and to justify the acquisitions with talk about synergy and the chance to be really big or really global. But their shareholders are reacting with increasing skepticism.

When AT&T Corp. announced last week that it would buy Tele-Communications Inc., its chairman said that the company would be "better positioned for growth" and that the purchase would make AT&T an "undisputed leader" in some businesses. Investors, though, were not buying it.

Worried about the effect on AT&T's bottom line and concerned about the complexity of the deal, they sent the stock down 8 percent on the day the deal was announced. The stock has continued its slump and closed Wednesday at \$56.75, down 37.50 cents. It is down 13 percent since the announcement of the acquisition.

AT&T is not the only company to receive a thumbs down after announcing a merger or acquisition. On Wednesday, June 19, stocks of 39 percent of the companies that announced they would buy other public companies fell the day of the announcement, compared with 49 percent in the first half of 1997, according to CommScan LLC, a New York information services company that caters to professional investors.

The negativity runs deeper as well: 16 percent of the deals announced this year were met with a decline in share price of more than 5 percent, compared with just 11 percent of the deals a year earlier.

While the largest deals tend to receive a negative reaction, the increase is consistent during this stage of a merger cycle, according to Mark Sirower, a business professor at New York University whose recent book, "The Synergy Trap," analyzes why deals fail.

Investors often punish companies that they fear are overpaying or doing deals simply because their competitors

are, Mr. Sirower said. "When the stock price goes down, the market is saying you're transferring value from your own shareholders to somebody else's shareholders," he said.

Good news for them, bad news for you.

Of course, other factors can cause the acquiring company's shares to fall, including a deal so complex that it is difficult to evaluate. In some cases, a company may have made so many acquisitions that investors find it will have trouble digesting another company and getting a quick payoff.

Mr. Sirower says investors tend to get it right. After studying the stock performance of acquiring companies for one year after a deal was announced, he found that companies whose stocks were down a week after the news of a deal tended to underperform.

The high valuations in the overall stock market may be making investors anxious, said Henry Taibo, an associate at CommScan. After all, how much more can a company be worth after an already high market price?

Consider Roslyn Bancorp Inc.'s proposed \$1 billion acquisition of TR Financial Corp., which owns Roosevelt Savings Bank on Long Island, New York. When Roslyn made its offer at the end of May, TR Financial was already selling close to its 52-week high, and Roslyn was offering a 58 percent premium. The deal valued TR Financial at 29 times estimated 1998 earnings, while other savings and loans are trading at an average multiple of 17. Roslyn's stock dropped about 15 percent on the news.

Investors tend to be cranky whenever an acquiring company offers a premium of more than 15 percent, according to CommScan's analysis of deals announced so far this year. The stocks of companies paying that much or more fell about 70 percent of the time.

And all-stock deals met the most resistance. Analyzing transactions valued at more than \$1 billion, CommScan found that only a third of the all-stock deals led to an immediate increase in the acquiring company's stock.

## Currency Speculators Target South Africa

Despite Aid, and Solid Economy, Rand Falls

By Donald G. McNeil Jr.  
New York Times Service

JOHANNESBURG — Speculators have given the South African rand a nasty shock in the last few days, forcing the nation's central bank to enlist help from the United States and Britain and to raise interest rates sharply to stem the currency's fall.

Still, the rand tumbled to new lows against the dollar and the pound Wednesday. Overnight reports that the government of South Africa's central bank, Chris Stals, would be fired were flatly denied, but not before the rumor undermined the currency, sending it to 6.00 rand against the dollar in New York from 5.87 on Tuesday.

Until the sell-off began, the rand had been drifting slowly down against the dollar, slipping about 12 percent since the beginning of the year. Then, starting last week, it plunged 13 percent after speculators who had been exploiting the turmoil in Asia turned their sights on South Africa.

At the government's request, the U.S. Federal Reserve Board and the Bank of England both intervened on Friday and Monday.

The lift for the rand was short-lived, however, after it became clear that the two central banks were using the South African Reserve Bank's dollars to buy the South African currency.

Facing its worst currency crisis in years, the South African Reserve Bank increased its overnight lending rate to more than 20 percent, from 18.311 percent, prompting most banks to raise their prime rates by 2 percentage points, to 22.25 percent.

While the tighter credit risked slowing South Africa's economic growth, which has already been hurt by falling commodity prices, it bolstered the rand by making rand-denominated assets more attractive to international investors.

Until last week, the rand had actually been maintaining its strength better than

the currencies of Asia, Brazil, Australia and New Zealand, with which it is often compared because of similarities in the countries' economies.

"But some speculator must have noticed that on his computer and decided that it was our turn," said Sampe Terblanche, a professor of political economy at Stellenbosch University. "So the Asian bug hit us — a little belatedly."

Economists universally expressed surprise at the fierceness of the attack because the South African economy's fundamentals are relatively strong, whether compared with Asian economies or with the situation here before the 1994 elections.

South African banks are very conservative, carry few bad loans and are not in threat to ruling families like the Suhartos in Indonesia.

Foreign debt is low. State assets are being privatized, albeit slowly. Until the rand began, inflation was down significantly, to 5 percent, the reserve bank had reserves equal to three months' imports, and the prime rate was high but stable at about 18 percent.

Foreign bankers generally applaud the government's economic policies, which focus on beating inflation and lowering the budget deficit.

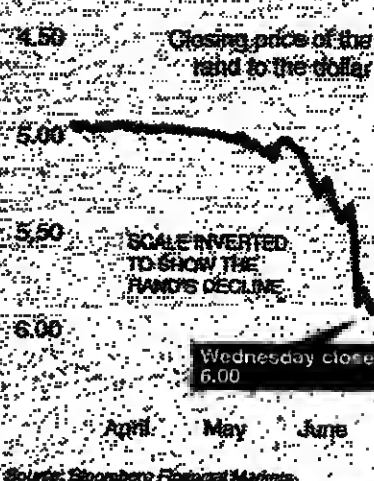
By contrast, before 1994, the African National Congress was strongly socialist and talked about nationalizing the mines and cutting unemployment with massive public spending; the budget deficit was at 5 percent of gross domestic product and foreign exchange was heavily restricted.

It is not clear what started this run on the rand. Mr. Stals, the governor of the reserve bank, has blamed selling by an unidentified American hedge fund.

But in any case, the background was in place. To deter speculators, the reserve bank had steadily raised the overnight lending rate to nearly 24 percent. When it felt confident enough to lower it to 17 percent to let commercial lending rates relax a little, speculators leaped in.

### Under Attack

The South African rand had slipped most of the morning, but currency speculators began driving the price down in recent days.



Source: Bloomberg Financial Markets

In a sense, the monetary crisis reflects the growing maturity of the South African economy. The last abrupt currency plunge, in 1996, was brought on by a false rumor that President Nelson Mandela had had a heart attack. Administration officials then cried racism, because the implication was that a black government could not keep the country together without Mr. Mandela at the helm.

Now the markets seem content with the prospect that Thabo Mbeki will become president next year and confident that the African National Congress will continue to pursue conservative financial policies.

Indeed, economists say, the rand's latest slide results less from political upheaval than from South Africa's exposure to the fallout from Asia and its vulnerability, as a developing economy, to currency speculators.

Nonetheless, investors have become increasingly nervous about the possibility that labor unions will put pressure on the government to temper its economic austerity measures as the 1999 elections approach.

Because of apartheid-era sanctions,

See RAND, Page 17

## U.S. Output Of Factories Shows Drop

The Associated Press

NEW YORK — Manufacturing activity in the United States slowed in June for the first time in nearly two years, hurt by Asia's economic crisis.

At the same time, a key measure of future economic activity held steady in May but suggested a slowdown later in the year, according to separate reports released Wednesday.

The National Association of Purchasing Management said its monthly index of business activity, compiled from interviews with corporate purchasing executives nationwide, fell to 49.6 in June from 51.4 in May.

A reading below 50 is a sign of a contraction in the industrial economy. The decline surprised economists, who expected manufacturing activity to continue growing but at a slower pace.

It was the first drop in manufacturing activity after 22 straight months of growth.

Despite the slide in manufacturing, June marked the 86th consecutive month of overall economic growth, the purchasing managers' organization said.

Asia's economic turmoil hurt U.S. exports in June.

The manufacturing sector also was hurt by two strikes against General Motors, which have idled the No. 1 automaker's North American production, said Scott Brown, chief economist at Raymond James & Associates in St. Petersburg, Florida.

The Conference Board, a private business research group, reported that its index of Leading Economic Indicators for May stood at 105.2, unchanged from a revised figure for April.

Combined with the performance of two other indicators, the leading index shows a healthy economy, the Conference Board said.

While the leading index's performance was in line with economists'

See ECONOMY, Page 14

## Trans-Atlantic Clash Over Consumer Privacy on Net

By John Markoff  
New York Times Service

Differences between European nations and the United States over how to protect consumer privacy have led to a clash over technologies endorsed by the two leading makers of browsing software for navigating the World Wide Web — Microsoft Corp. and Netscape Communications Corp.

The differences between Europe governments, which favor enacting laws to protect consumer privacy on-line, and the Clinton administration, which prefers to let electronic commerce industries regulate themselves, could delay the much-anticipated evolution of the Internet into a huge international marketplace of goods and services.

At issue are two proposed standards: the Privacy Preferences Project, or P3P,

and the Open Profiling Standard, or OPS. Both are technologies intended to make it possible for individual computer users to determine how much personal information they are willing to make available to various Web sites.

Both proposals are being considered for possible international implementation by an Internet standards group, the World Wide Web Consortium.

But last month, a committee of the European Union issued a tough report attacking both proposed standards as inadequate and possibly in violation of European laws designed to protect consumer privacy.

The report states that P3P and OPS, which will be built into browsers made by both Microsoft and Netscape, clash with the European Privacy Directive, which restricts the ability of businesses to collect private information about individuals without their permission. When it goes into effect in October, the directive is expected to toughen national laws of 15 European governments whose privacy standards are already more stringent than those of the United States.

The European laws require that corporations get people's permission before collecting demographic or marketing information about them. "This is significant, because the Europeans are saying this mechanism might not work," said Joel Reidenberg, a law professor at Fordham University in New York City.

The European Union's committee, the Working Party on the Protection of Individuals' Personal Data, issued its opinion on June 16. In addition to criticizing the technology itself, the report stated that "a technical platform for privacy protection will not in itself be sufficient to protect privacy on the Web."

The committee's report said that such a technology for privacy protection would need to be applied within a framework of laws if it were to protect privacy.

The committee also said there was a risk that the P3P standard would mislead European companies into believing that they had met their legal obligations by offering the software.

There is added risk that European computer users would come into contact via the Internet with Web sites that do not meet European data protection standards, the report says. It warns that the current P3P does not require, or even allow for, giving information about sanctions or remedies to users, a violation of European laws.

Finally, the report says Internet users are unlikely to alter default settings that are preconfigured with each browser. The committee warns the software will be of minimal privacy protection value if the browsers are not set by default to the highest privacy protection possible.

"This is a shot across the bow," said Evan Hendricks, publisher of Privacy

Times, a privacy policy newsletter, which reported the European Union criticism of the P3P standard earlier this week. "If the Europeans enforce their own standards, then the U.S. is now headed on a collision course over the directive."

Until recently, the Clinton administration has pressured U.S. industries to arrive at strong self-regulatory standards that would avoid the necessity of enacting new laws to protect personal information in the information age.

However, in recent weeks that position has appeared to weaken as critics — including the U.S. Commerce Department — continued to point out areas in which self-regulation is falling as corporations rush to take advantage of the Internet as a new medium for marketing and commerce.

"This could be a flash point," said Marc Rotenberg, director of the Electronic Privacy Information Center, a privacy organization in Washington D.C. Europeans have tended to encourage systems that permit anonymity, he said, while U.S. companies have been building systems that encourage users to provide personal information.

Officials of the World Wide Web Consortium said they had been in discussions with members of the European Commission and that they believed the technology could be modified to meet the European privacy concerns.

## Credit Suisse Unit Bolsters Tech Team

Compiled by Our Staff From Dispatches

NEW YORK — Credit Suisse First Boston said Wednesday that it had hired three of Deutsche Bank Securities' top-performing U.S. investment bankers as its senior advisers to computer-related companies.

The bankers, Frank Quattrone, George Bouros and Bill Brady, will be responsible for underwriting, mergers and research involving technology companies, Credit Suisse First Boston said.

The three bankers' clients include the Internet bookseller Amazon.com Inc., the software company Inuit Inc. and Northern Telecom Ltd. of Canada.

The defections are the latest jolt to the securities unit of Deutsche Bank AG.

the biggest German bank, which lost senior investment bankers this year as it reorganized after reporting disappointing profits. Credit Suisse First Boston, a unit of the Credit Suisse Group of Switzerland, has been trying for years to catch up with rivals in advising fast-growing companies in the computer industry.

Charles Stonehill, deputy head of corporate and investment banking at Credit Suisse First Boston, said Mr. Quattrone's group would give the firm access to "some of the most exciting and successful technology companies in the world."

Before joining Deutsche Bank's securities business and starting its West Coast-based technology group in 1996,

Mr. Quattrone had worked at Morgan Stanley & Co. for more than 17 years, and is credited with helping build up that firm's technology group.

The trio will remain in Menlo Park, California, and will develop an international practice with technology bankers and research analysts around the globe, Credit Suisse First Boston said.

Deutsche Bank had lured Mr. Quattrone and his team from Morgan Stanley with pay packages worth millions of dollars. But a number of top executives have now left the German company, including Carter McClelland, who had been chief of Deutsche Bank North America and who had recruited Mr. Quattrone. (Bloomberg, Reuters)

## CURRENCY & INTEREST RATES

Cross Rates									
	USD	EUR	GBP	JPY	AUD	NZD	HKD	TWD	THB
American	1.000	1.463	0.706	111.2	0.692	0.584	7.76	133.6	3.656
British	0.706	1.000	0.506	157.8	0.506	0.428	100.0	175.5	5.226
Japanese	111.2	157.8	0.506	1.000	0.506	0.428	7.76	133.6	3.656
Australian	0.692	0.506	1.000	161.9	0.506	0.428	100.0	175.5	5.226
New Zealand	0.584	0.428	0.506	161.9	1.000	0.428	100.0	175.5	5.226
Hong Kong	7.76	100.0	7.76	100.0	7.76	100.0	1.000	175.5	5.226
Taiwan	133.6	175.5	133.6	133.6	133.6	133.6	133.6	1.000	5.226
Thailand	3.656	5.226	3.656	3.656	3.656	3.656	3.656	3.656	1.000
Other Dollar Values									
Company	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$	Per \$
Alcatel	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Amgen	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Boeing	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Chrysler	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
IBM	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Intel	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Microsoft	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Northern Telecom	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Oracle	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Rockwell International	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Sony	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Verizon	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
WorldCom	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Other Interest Rates									
3-month T-bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month T-bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year T-bill	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Eurodollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month Eurodollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year Eurodollar	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month LIBOR	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month LIBOR	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year LIBOR	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Prime	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month Prime	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year Prime	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Fed funds	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month Fed funds	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year Fed funds	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Swap	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month Swap	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year Swap	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
3-month Credit default	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
6-month Credit default	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
1-year Credit default	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

## EU Objects To U.S. Tax Incentives

Bloomberg News

BRUSSELS — The European Commission has filed a World Trade Organization complaint over what it called an unfair system of tax breaks that provides \$2 billion a year in subsidies to U.S. exporters.

The commission is the executive agency of the European Union. The tax breaks are "a clear subsidy from the U.S. taxpayer to industry," Sir Leon Brittan, the European Commissioner, said.

Foreign sales corporations are generally subsidiaries of American companies located in tax havens such as the Virgin Islands and Barbados. U.S. companies exporting through these units now qualify for income-tax relief as long as a large part of their product is made in the United States, the commission said.

"We are not folding up our tent," said Veda Wilson, a spokeswoman at the U.S. diplomatic mission in Brussels. "This has been in effect for more than a decade and we are wondering why the EU decided now to complain about it."



1988	96,010	96,000	96,010	+0.000	184,932	Source: Mark, Associated Press, London
1989	95,980	95,960	95,980	+0.010	182,574	Int'l Financial Futures Exchange, Int'l
				+0.010	208,213	Petroleum Exchange.







**Wednesday's 4 P.M.**  
1,000 most traded National Market securities  
terms of dollar value, updated twice a year.  
*The Associated Press.*

[illegible]

**Wednesday's 4 P.M. Close**  
(Continued)

1	0.00
2	0.00
3	0.00
4	0.00
5	0.00
6	0.00
7	0.00
8	0.00
9	0.00
10	0.00
11	0.00
12	0.00
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98	0.00
99	0.00
100	0.00



## ASIA/PACIFIC

# Koreans Waffle on Rubin Plea To Cut Fat

By Don Kirk  
International Herald Tribune

SEOUL — Treasury Secretary Robert Rubin pointedly asked a group of South Korea's wealthiest tycoons on Wednesday if they were considering a "big deal" for getting rid of money-losing divisions and companies.

He received, according to one account of the meeting, an ambivalent reply from Kim Woo Choong, chairman of the Daewoo group, Korea's third-largest chaebol or conglomerate.

"It will take a long time," replied Mr. Kim, who is the acting chairman of the Federation of Korean Industries, made up of chaebol chairmen, as quoted by a federation aide. "We have many other technical problems to discuss in detail."

The interchange underlined the reluctance of the chaebol to go along with efforts by the government to convince them to merge some of their biggest companies, in fields ranging from motor vehicles to petrochemicals to electronics, in order to cut mounting losses.

Mr. Rubin refused to comment on his meeting with the chaebol leaders but said earlier that he discussed the role of the chaebol throughout a one-day visit that began with a breakfast in which American businessmen discussed the frustrations of doing business here.

Mr. Rubin said he had come away from a meeting with President Kim Dae Jung, who has pressured the chaebol to speed up reform efforts, "with a sense of deep commitment to reform" under terms of the package of nearly \$60 billion worked out by the International Monetary Fund.

With foreign reserves in South Korea now up to about \$39 billion from \$4 billion in the darkest hours of the crisis in December, Mr. Rubin said the United States did not need to help directly, but he added that "we are available for advice and counseling."

The Treasury secretary's session with chaebol leaders, after he had offered his optimistic view of Korea's reform program, marked a low point in an otherwise upbeat day.



**STRIPPED DOWN** — Workers in Melbourne doing a "strip protest" Wednesday against a new law limiting bonus pay and employment protection. Meanwhile, a survey predicted that the Asian financial crisis would cut 4,000 Australian jobs in the next three months.

## Malaysia Plans to Revive Public Projects

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Finance Minister Anwar Ibrahim of Malaysia announced plans Wednesday to set up a 5 billion ringgit (\$1.22 billion) fund to revive stalled infrastructure projects.

Mr. Anwar also announced that the Kuala Lumpur Options and Financial Futures Exchange would be taken over by the Kuala Lumpur Stock Exchange.

The country plans to raise money for the fund by selling bonds domestically and overseas.

"If it is up to the government to provide the engine" of growth, he said, "then we will have to do

that." He added, "The projects will include all important projects that have been deferred but deemed to be urgent."

Mr. Anwar said these included monorail, sewage and highway projects, but not the controversial Bakun dam project in the eastern state of Sarawak.

The Malaysian government last year deferred several major projects, including the dam, following the collapse of the currency.

The size of the loans and the lending rate will vary for each project.

The move comes as neighboring

countries such as Singapore and Hong Kong unveiled measures to raise government spending to stem a slide in their economies. Malaysia's economy shrank 1.8 percent in the first quarter from a year ago, its first contraction in 13 years.

Mr. Anwar said the Kuala Lumpur Stock Exchange's takeover of the management of the Options and Financial Futures Exchange will "enable the KLSE to conduct futures trading activities more aggressively." It is "a commercial decision by the KLSE and its principal shareholders," he added.

Details will be given later.

(Bloomberg, AFP)

## RUBIN: Secretary's Goal Is to Get Japan 'Back on Track'

Continued from Page 1

The United States and China were forging a "special relationship," a heavily veiled expression of concerns most Asian countries have about how China's power will grow in the coming years.

"I wouldn't characterize it that way," Mr. Rubin told Mr. Kim, although he added that Mr. Clinton has long regarded "better relations between the United States and

China as important. In a day capped by a visit to the demilitarized zone between North and South Korea, Mr. Rubin met with Mr. Kim and business and labor leaders in hopes of gaining a better understanding of the issues confronting Korea as its efforts to reform its economy begin to bite.

The more radical of the two labor confederations here gave him a stern lecture on the evils of the International Monetary Fund's economic

resuscitation program, which includes maintaining high interest rates and introducing greater flexibility into the labor market.

Those two things are blamed for pushing companies into bankruptcy at the current rate of 3,000 a month and putting 1.6 million people out of jobs. Nonetheless, Mr. Rubin said the Koreans understood the need for broad-based support for economic reform in spite of the immediate pain it causes.

## Tokyo Stocks Forge Ahead On Optimism Over Loans

By Sheryl WuDunn  
New York Times Service

TOKYO — The stock market carried its rally Wednesday into a sixth straight day, logging its third largest single-day gain this year, on expectations that the government's blueprint for cleaning up bad bank loans will ultimately be the beginning of an economic revival.

The yen also rose as the dollar slipped to 138.28 yen in late Tokyo trading from 139.155 yen on Tuesday in New York, partly on fears that the government might intervene in the currency markets to support the yen when it announces a bank bailout plan on Thursday.

The centerpiece of the plan is the use of "bridge banks" to take over the business of failed institutions so that credit-worthy borrowers would not be left in the lurch if their main bank fails.

The success of the blueprint is by no means certain. But for the last few days, investors have begun to raise their hopes that the proposal might actually begin to chip away large chunks of the nation's mountain of bad and doubtful debt, which totals at least \$560 billion.

In the last few weeks, Japanese politicians have taken charge of the challenge, and although some of their effort is timed to their campaigning for parliamentary elections on July 12, there is a growing sense that momentum is building within the governing Liberal Democratic Party and the government due to world pressure.

"We think it's real," said Richard Medley, of New York-based Medley Global Advisors, after talking with Japanese politicians in Tokyo this week. "These guys realize that the pain of delaying reform is actually worse than the pain of reform."

The benchmark Nikkei 225 rose to 16,362.89, up 532.62 points, or 3.4 percent from the Tuesday close. Reports that the government also might carry out a "permanent" income tax cut of up to nearly \$30 billion also sent investors rushing into the market. Kanezo Muraoka, chief cabinet secretary of the government, denied the report but suggested that the government would try to reach a decision after the elections on such an income tax cut.

Investor's Asia			
Exchange	Index	Wednesday Close	Previous Close
Hong Kong Hang Seng		10,955.10	10,868.68
Singapore Straits Times		2,889.40	2,868.46
Sydney All Ordinaries		16,362.89	15,830.27
Tokyo Nikkei 225		471.23	455.04
Kuala Lumpur Composite		287.33	287.33
Bangkok SET		315.56	297.88
Seoul Composite Index		1,781.98	1,760.13
Taipei Stock Market Index		4,565.41	4,455.92
Manila PSE		2,008.58	1,984.59
Jakarta Composite Index		3,230.60	3,250.69
Wellington NZSE-40			
Bombay Sensitive Index			

### Very briefly:

• LM Ericsson AB, the Swedish maker of telecommunications equipment, said it would merge its Japanese infrastructure unit with a joint venture it set up six years ago with Toshiba Corp., in a move to cut costs.

• Moody's Investors Service said ratings of five South Korean banks that have been ordered by the government to take over ailing banks had been placed on review for possible downgrades of their long-term debt and financial strength. The five named by Moody's are Hana Bank, Hoesung & Commercial Bank of Korea, Kookmin Bank, Kor Am Bank and Shinhan Bank.

• Ford Motor Co. and Mazda Motor Corp. said their new \$450 million plant in Thailand would produce only 9,400 pickup trucks in its first six months of operation, a fraction of what was planned, because of the country's recession.

• Hyundai Motor Co.'s union workers called a halt to a 26-hour strike protesting the South Korean auto maker's plan to lay off 10 percent of its employees, but threatened an indefinite strike if the company did not meet their demands within five days.

• Sales of motor vehicles in Japan fell for a 15th consecutive month in June, with 380,708 sold, down 9.2 percent from a year earlier.

AFP, Bloomberg

## Indonesia Airlines Owe for Fuel

Agence France-Press

JAKARTA — Pertamina, the Indonesian state-run oil and gas company, has ordered the country's struggling airlines to pay cash for fuel. Pertamina's president director, Sugianto, said Wednesday.

Mr. Sugianto said that as of last Friday three airlines — Garuda Indonesia, Sempati and Merpati — owed Pertamina a total of \$19 million in U.S. currency and 103 billion rupiah (\$6.9 million) in the Indonesian currency.

## RAND: Market's Target

Continued from Page 13

South Africa is somewhat insulated against damage from currency crises. Snubbed by the world, it became self-sufficient in food, steel, chemicals, textiles and other basics. It once produced a third of its own gasoline from coal; that is down to 10 percent, but fuel prices are still relatively low. Its biggest imports are un assembled auto parts, computers and machinery.

The people immediately hit hardest — and complaining loudest — are the relatively small numbers of upper-middle-class and rich people who buy imported clothes and take vacations abroad.

But anyone with a variable-rate mortgage or car loan will soon be hurt, too, if interest rates stay high, and so will the many stores that sell to the poor on credit.

The poor should not be hurt until high interest rates slow the economy enough to cause more layoffs. Job losses are already a problem — the economy shed about 130,000 jobs last year, while growth was only 1.7 percent.

On the other hand, a weak rand could stimulate the moribund economy in some ways. The rand is now "clearly significantly undervalued by any measure," said Nico Czipionka, chief economist for Standard Bank here.

All the country's exports, from gold, platinum, manganese and zinc to chemicals, paper pulp, fruit and wine, should benefit. Gold mines, which have been laying off thousands of workers because gold is below \$300 an ounce, may become profitable again, because those workers are paid in rand.

The most important thing for the economy, economists say, is to get South Africans to save. They have one of the world's lowest savings rates.

When the rand was pegged at 2 rand to a British pound, back when the pound was worth about \$5 — giving the rand a value then of \$2.50. On Monday, it briefly hit 10 rand per pound.

"When I studied in the United States in the late 1960s, I got \$1.40 for my rand," Mr. Terheblanche said. "Now it's 16 cents. It's hard to think we can be so degraded internationally."

## Milan, Corso Matteotti 5

Property of Banca Monte dei Paschi di Siena S.p.A.

Servizi Immobiliari Banche - S.I.B. S.p.A. has been given the task of promoting the sale of the building located in Corso Matteotti 5, Milan, as is and in its present legal status. The building is located in a prestigious position between Piazza San Babila and Piazza della Scala, and is part of a larger complex built according to a design by the architect Lancia in the early 1930s. The building has six above-ground floors, plus a basement level and a mezzanine floor, with an inner courtyard with vehicle access from Via Montenapoleone, 1. With the exception of the areas of the building for commercial use on the ground and mezzanine floors, and the apartment located on the third floor (occupied without contract), the building is completely vacant.

Interested parties should present fully secured purchase offers, by 12:00 noon on July 31, 1998 via registered letter with return receipt sent to Servizi Immobiliari Banche - S.I.B. S.p.A. in Milan, Via Verziere n. 13.



**Procedure for presenting offers:**  
Indicate the purchase price for the entire complex, specifying payment dates and methods:

- Indicate the offer's term of validity, which should be no less than 45 days starting from July 31, 1998;
- provide a bank declaration that an irrevocable time deposit has been made up to the date the offer is expected to expire, in favor of Banca Monte dei Paschi di Siena S.p.A. for a sum no less than 10% of the price offered;
- declare that the offering party is interested in buying solely on its own behalf and not on behalf of a person or company to be indicated later;
- attach a declaration of consent to permit Servizi Immobiliari Banche - S.I.B. S.p.A. to process the offeror's personal data and transmit it to the Owner in compliance with Italian Privacy Law 675/96.

Offers presented will be submitted to Banca Monte dei Paschi di Siena S.p.A., for the necessary evaluations. Acceptance will be notified by registered letter. If there are a number of offers, the Owner reserves the right to invite the offerors, via a registered letter explaining how to raise bids, to a meeting the date of which shall be therein indicated, where higher offers can be made within the framework of a competitive bidding. The premises can be examined by appointment, confirmed via fax sent to Servizi Immobiliari Banche - S.I.B. S.p.A. of Milan - Sales Management Office.

This announcement is not a public offer pursuant to Art. 1336 of the Italian Civil Code. Thus, receipt of offers involves no obligation to sell to said offerors, nor does it give them any rights for any reason, including the right to brokerage or advisory fees, even where the offer is accepted. The provisions of the Italian announcement will prevail over any other advertisement in a foreign language in foreign newspapers. This announcement and the sales process are governed by Italian law.

Full documentation about the building is also available on-line at the following internet address:  
<http://www.sib-spa.com>



Via Verziere, 13 - 20122 Milan  
Tel. (+39) 02-77.831  
Fax (+39) 02-77.83.217  
E-mail Sales Office:  
[business@sib-spa.com](mailto:business@sib-spa.com)

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THE WORLD'S DAILY NEWSPAPER

## BANCO CENTRAL DE LA REPUBLICA DOMINICANA

INC 401-00755-1

### NOTICE OF PUBLIC BIDDING CENTRAL BANK OF THE DOMINICAN REPUBLIC SALE OF THE PLAYA GRANDE TOURIST PROJECT

#### A. General.

1. The Central Bank of the Dominican Republic gives notice to national and foreign investors of an invitation to participate, either directly or by means of their representatives duly accredited before the Central Bank, in a public bidding to present bids for the purchase of the Playa Grande Tourist Project. This complex is located on the North Coast of the Dominican Republic and is the property of the Central Bank. For purposes of this bidding, participants must demonstrate their capacity to promote and develop tourist projects of importance.

Further information may be obtained at the following addresses or numbers:

DEPARTAMENTO DE DESARROLLO Y FINANCIAMIENTO DE PROYECTOS (DEFINPRO)  
BANCO CENTRAL DE LA REPUBLICA DOMINICANA  
2do Piso, Antigua Sede  
Calle Pedro Henriquez Ureña, esq. Leopoldo Navarro  
Santo Domingo, Dominican Republic

Telephone: (809) 689-5311 or (809) 682-6336

Telefax: (809) 688-0120

E-mail address: [webmaster@bancentral.gov.do](mailto:webmaster@bancentral.gov.do)

Web Site: [www.bancentral.gov.do](http://www.bancentral.gov.do)

2. The project is located on 3.5 million square meters, including 1.6 kilometers (1 mile) of first-quality beachfront on the ocean. It is situated between the towns of Puerto Plata and Nagua, and between the Puerto Plata and Samana International Airports, on the North Coast of the Dominican Republic. Puerto Plata International Airport is served by a number of U.S., European, and South American airline companies with regularly scheduled passenger service and charter flights. At present, this airport accounts for 33% of international tourist arrivals in the Dominican Republic. Daily connections by air to the capital city of Santo Domingo are available.

3. The project includes a professional golf course designed by Robert Trent Jones, all 18 holes of which enjoy spectacular views of the Atlantic Ocean, and all of the amenities which are appropriate to a project of this quality, such as an imposing clubhouse, caddy building, residual water treatment plant, and an aqueduct capable of serving 4,000 rooms.

The area to be sold includes 2.7 million square meters for the construction of hotels, villas, and additional facilities, for a capacity of 4,000 rooms expandable to 6,000.

#### B. Procedure

The Bidding Commission designated by the Monetary Board establishes a time limit up to and including August 20, 1998 for the receipt of prequalification proposals from those firms or entities which are interested in participating in said bidding. The Central Bank will notify the qualified firms on September 3, 1998 at the latest so that they may submit their purchase proposals. These shall be received no later than November 3, 1998, at which time the envelopes shall be opened. Prequalified participants may initiate the due diligence visit and interview process, the coordination of which shall be the responsibility of DEFINPRO, at the above listed address and phone sites.



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THURSDAY, JULY 2, 1998

PAGE 19

## WORLD ROUNDUP

## U.S. Team Cancels

**BASKETBALL** USA Basketball on Wednesday canceled a July 14 exhibition game for the team that will represent the United States in next month's World Championship after 12 National Basketball Association players dropped out because of the NBA lockout, which started earlier in the day.

Warren Brown, executive director of USA Basketball, said the game was canceled "because of the expected need for additional training time for the new team." (AP)

## Blues Let Hull Go

**ICE HOCKEY** The St. Louis Blues of the National Hockey League will not re-sign star wing Brett Hull, the leading goal-scorer in team history, the club said Tuesday. (AP)

## Phillips In Trouble Again

**FOOTBALL** Lawrence Phillips, the Dolphins running back, is under investigation for allegedly punching a woman in the face at a night club near Miami. Police said Phillips, 23, hit the woman after she refused to dance with him. (AP)

## Davenport, Seles and Williams Bow Out

Sampras, Henman, Krajicek and Ivanisevic Charge On to Reach Men's Semifinals

By Jennifer Frey  
Washington Post Service

**WIMBLEDON, England** — Venus Williams went down screaming and glaring — and, at one point, crying — Wednesday on Center Court. Monica Seles was more quiet, calmly bowing her head. And Lindsay Davenport

## WIMBLEDON

hustled away from Wimbledon 1998 so quickly and meekly that it seemed as if she had planned to be elsewhere all along.

With the three remaining American women bounced from the quarterfinals, No. 1 Pete Sampras was the lonely man left to carry the U.S. flag. And Sampras did so valiantly, knocking out Mark Philippoussis, 7-6 (7-5), 6-4, 6-4, to move two victories away from his fifth Wimbledon title. His next opponent, though, will be a doozy. No. 12 Tim Henman, now England's best hope for sporting glory, upset third-seeded Petr Korda, 6-3, 6-4, 6-2, to ease his nation's soccer hangover the day after England suffered a penalty-kick loss to Argentina in the World Cup in France.

Sampras and Henman — who is bid-

ding to become the first British man to win Wimbledon since Fred Perry did so in 1936 — will meet in the centerpiece semifinal Friday on Center Court, with No. 9 Richard Krajicek and No. 14 Goran Ivanisevic to battle in the other. Krajicek beat Jason Stoltenberg on Wednesday and Ivanisevic beat Jan Siemink.

"It was a huge disappointment for everyone — for the players, for everyone watching," Henman said of the soccer game Tuesday night. "I didn't want to continue that trend, and I was keen to win."

The dark cloud that moved across the All England Club on Wednesday had nothing to do with Wimbledon's usually weepy weather. It was, instead, the result of a trio of results that left the once-glamorous women's draw without a good dose of its flash. Seles, the clear crowd favorite, was beaten, 7-6 (7-4), 6-2, by the unseeded Natasha Zvereva of Belarus, who had banished the beloved Steffi Graf five days earlier. Davenport, the second seed here and the second-ranked woman in the world, collapsed at the hands of No. 14 Nathalie Tauziat of France, who seemed to need little effort to win, 6-3, 6-3.

Williams — whose towering physique,

clinking hair beads and outsized personality have made her an 18-year-old tennis sensation — failed in her loud and memorable attempt to bounce No. 3 Jana Novotna from the field. Novotna won that quarterfinal, 7-5, 7-6 (7-2), after watching Williams stare down one lineswoman, berate another and share a few unhappy words with the chair umpire.

When it was over, Wimbledon found itself with a diverse set of women's semifinals scheduled for Center Court on Thursday. One is a reprise of last year's title match, pitting No. 1 Martina Hingis — who added upset fever with her 6-3, 3-6, 6-3 victory over No. 5 Arantxa Sanchez-Vicario — against Novotna, whose most memorable Wimbledon moment remains the day she cried on the Duchess of Windsor's shoulder in defeat. And the other features Zvereva and Tauziat, two relative unknowns who have unexpectedly blossomed in a field abloom with big names and colorful personalities.

"It's really, it's really...hmm, in a nice way?" Novotna said, when asked for her reaction to the semifinal field. "It's definitely very surprising."

Novotna did not count herself among the surprises — she meant Zvereva and

Tauziat — but Williams certainly did. Having announced that she planned to win Wimbledon this year, Williams was frustrated by the way in which her plan self-destructed.

But her match was a far cry from the two disappointing duels on Court 1, when both Seles and Davenport ended forceful Wimbledon runs with the smallest of whim-pers. Playing her first singles match on Center Court, Williams lost the first set despite holding a 4-1 lead at one point. Then she erupted in the second, starting down a lineswoman and shouting, "You've got to call 'em!" when one questionable decision helped lead to a break in her serve in the first game of that set. She lost her temper again when yet another call confounded her while serving in the seventh game.

On the changeover after that game — in which she also was broken — Williams threw down her racket, snatched up her towel and appeared to have tears



Natasha Zvereva eyeing victory Wednesday.

welling up in her eyes.

"I think that the crowd probably enjoyed my emotional outburst," Williams said later, dismissing the suggestion that her behavior was inappropriate at this staid tournament.

## McGwire Gains In Home-Run Pursuit, but He's Not Alone

The Associated Press  
If Mark McGwire keeps it up, he will break Roger Maris's home run record. But he might have company. McGwire tied Reggie Jackson's record for most homers before the All-Star break, hitting No. 37 in St. Louis's 6-1 loss to Kansas City on Tuesday.

## BASEBALL ROUNDUP

night. But Seattle's Ken Griffey Jr. and Sammy Sosa of the Chicago Cubs each hit No. 33 to keep pace in their pursuit of Maris's mark of 61 homers in 1961.

McGwire, who's also singled and doubled, hit a 472-foot shot off Glendon Rusch in the seventh in St. Louis, Missouri, Rusch, who was shelled in his previous start, held St. Louis to six hits in eight innings.

Jeff Conine drove in two runs and stole home for the Royals, who played in St. Louis for the first time since the 1985 World Series.

Jackson had 37 homers in 92 games for Oakland before the 1969 All-Star break, but hit only 10 more the rest of the season. McGwire has 37 homers in 81 games, with five remaining before the All-Star game Tuesday in Denver.

Diamondbacks 5, Cubs 4 Sosa extended his major-league record for homers in a month by hitting his 20th in June — a solo shot in the eighth — but the Cubs lost to Arizona in Chicago.

Rockies 6, Mariners 4 Griffey hit a solo shot in Seattle, but he fled out with



Snagging a pop fly, the Texas catcher Ivan Rodriguez plunges into the camera well in a loss to Los Angeles.

a man on third to end the game as the Mariners completed their worst June in franchise history at 8-20.

Colorado broke a 4-4 tie in the seventh with an unearned run, then added a run in the eighth on Randy Johnson's wild pitch.

Pedro Astacio got the victory, giving up four runs and seven hits in 7 1/2 innings. Johnson allowed six runs and 10 hits in eight innings. He struck out 12, walked one and threw two wild pitches.

Red Sox 7, Expos 4 Nomar Gar-

ciaparra singled to extend his hitting streak to 21 games — the longest in the majors this season — and Damon Buford went 3-for-3 as Boston defeated visiting Montreal.

Athletics 12, Padres 10 Mike Blowers had a two-run single as Oakland scored four runs in the eighth to edge visiting San Diego and complete its first winning month in two seasons.

Tigers 3, Pirates 0 Brian Moehler pitched a five-hit shutout for his first road victory this season, and Detroit won in Pittsburgh for the first time since the 1909 World Series.

Blue Jays 6, Mets 3 Roger Clemens struck out a season-high 11, and Jose Canseco and Carlos Delgado hit consecutive homers to top New York in Toronto.

Clemens pitched a six-hitter and walked one in his second complete game of the season and 11th of his 15-year career.

Reds 6, Twins 3 Willie Greene hit a three-run homer as Cincinnati beat visiting Minnesota to win its fifth straight game — the Reds' longest winning streak in nearly a year.

Brewers 7, Devil Rays 2 Andres Galarraga homered in his first two at-bats at Tropicana Field after missing five games with a sore back, helping Atlanta to victory.

Astros 17, White Sox 2 Jeff Bagwell

and Moises Alou each hit two homers at the Astrodome as Houston routed Chicago. The Astros matched a season high with 18 hits and scored their most runs since 1995.

Mariners 7, Orioles 5 Cliff Floyd drove in four runs as visiting Florida rallied from a five-run deficit to hand Baltimore its seventh straight loss.

Yankees 9, Phillies 2 David Cone (11-2) struck out 11 and pitched a five-hitter to become the third 11-game winner in the American League as New York triumphed over visiting Philadelphia.

Dodgers 4, Rangers 1 Darren Dreifort allowed three hits over eight innings and Adrian Beltre hit his first major-league homer for Los Angeles in Texas.

Dreifort retired the first 13 batters before Will Clark's double in the fifth. He struck out seven and walked none as the Dodgers won for the third time in four games.

Brewers 5, Indians 4 In Milwaukee, Cal Eldred beat Cleveland for the first time since 1992 and singled for the first two RBIs of his career. The Brewers won for the seventh time in eight games and improved to 8-4 in interleague play.

Angels 6, Giants 3 Garret Anderson's three-run homer highlighted a four-run sixth inning that lifted Anaheim over visiting San Francisco.

## This Ullrich Is No Joke: He's Primed for the Tour

By Samuel Abt  
International Herald Tribune

PARIS — Let's have no more jokes, please, about tubby Jan Ullrich — how he will do his military service in Germany as a blimp and how, when his Telekom team shows up for a bicycle race, he counts as two of the nine entries.

True, Ullrich gained at least 10 kilograms (22 pounds) during the winter as he chomped his way through banquets celebrating the first victory by a German in the Tour de France. And true, when he showed up for the first races of the year in February, people worried that instead of a titanic bicycle under him, perhaps he should be riding something made of a metal less likely to buckle, like cast iron.

Always stocky, he weighed in after the winter reveals at 83 kilograms (182 pounds) on his 1.83-meter (6-foot) frame, which explained his dismal results in his first three months of racing.

That's over now. The lard has been rendered, the sweat sweated off.

The two cases of bronchitis and the ear ache that set back his training are long behind him. His miserable April and his 78th, 97th and 134th places in races in Spain are just memories.

The 24-year-old German, who finished second and then first in his initial two Tours de France, is back in form and hungering for another victory in the world's greatest bicycle race. "I'm at 90 percent now," he said a few weeks ago, "and certain that I'll be ready for the start of the Tour."

There is scant reason to doubt him. In the Tour of Switzerland last month, he showed that his time-trialing skill had returned, and he stayed with all but the top climbers in the mountains.

Those were the two keys to his victory in the last Tour: gaining minutes in the time trials and losing none to his main rivals in the mountains. The formula should work just as well when the 85th Tour starts its three-week journey on July 11 in Dublin.

Dublin? Sure, why not? The Tour de France has started before outside the mother country — in the Netherlands as recently as 1996, in Spain in 1992. What's really new is that the start, usually at the beginning of July, was pushed back a week to allow a soccer tournament in France to get itself over with.

The late start means that the roughly 3,850-kilometer (2,390-mile) race of 21 teams composed of 9 riders each will

not finish in Paris until Aug. 2. Once the Tour reaches France, in Brittany on July 14 after three days in Ireland, it will follow a counterclockwise route, passing the Pyrenees first and then the Alps.

At least on paper, the mountains are not as fearsome as usual this year. There will be two daily stages in the Pyrenees, followed by a day off on July 23, and three in the Alps, but the first-rank climbers have complained bitterly that this is not a course that favors them.

Not demanding enough, say both Richard Virenque, the Frenchman with the Festina team who has won the top climber's jersey in the last four Tours and finished second overall last year, and Marco Pantani, an Italian with Mercatone Uco who finished third last year, when the Giro d'Italia in June and is generally reckoned the most dominant climber in the sport.

Neither one is an outstanding time trialer, as Ullrich is. Since this Tour will have the customary two loop races against the clock — 58 kilometers on July 18 and 52 kilometers on Aug. 1 — Virenque seems unlikely to repeat his appearance on the final podium.

Pantani is another case: He is not sulking, as Virenque is, and may be cool-headed enough to understand that riders, not mountains, make the race.

Other obvious contenders are riders in Ullrich's mold if not quite his class. They include Bjarne Riis, a Dane, Ullrich's teammate and the winner of the 1996 Tour but now a creaky 34 years old. Abraham Olano, a Spaniard with Banesto, can climb and time trial with the best, although he cannot necessarily do both in the same race. Laurent Jalabert, a Frenchman with ONCE, has been unable to get over the highest mountains in his last two Tours and so has changed his training methods, possibly for the better. Michael Boogerd, a Dutchman with Rabobank, gets stronger all the time.

Two more riders who should do well are Alex Zülle and Laurent Dufranc, both Swiss and both with the Festina team, which is led by Virenque. If they can all work together, they can take turns making trouble for Ullrich.

Days before the prologue in Dublin, however, the defending champion's main threat still appears to be his appetite. If he can restrict himself to the 6,000 or 7,000 calories a day that most bicycle racers consume, he figures to be in the yellow jersey by the finish.

## SCOREBOARD

## BASEBALL

## MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE				(7) Detroit
EAST DIVISION				(8) L.A.—Lieber
	W	L	Pct.	GB
New York	56	20	.737	0
Boston	48	28	.630	8
Toronto	41	35	.540	15
Baltimore	37	46	.445	22½
Tampa Bay	34	47	.420	24
CENTRAL DIVISION				(9) Kansas City
Cleveland	54	24	.692	0
Minnesota	48	33	.594	8½
Kansas City	36	45	.444	14
Chicago	33	48	.407	19
Seattle	31	48	.392	19½
WEST DIVISION				(10) Houston
Anaheim	49	25	.662	0
Los Angeles	46	35	.568	3½
Oakland	37	44	.456	12
Seattle	34	49	.416	16
NATIONAL LEAGUE				(11) Boston
EAST DIVISION				(12) Philadelphia
	W	L	Pct.	GB
Atlanta	54	29	.651	0
New York	48	35	.577	6½
Philadelphia	40	49	.500	12½
Montreal	33	49	.402	20
Pittsburgh	29	53	.354	24½
CENTRAL DIVISION				(13) Tampa Bay
Houston	50	32	.610	0
Memphis	43	37	.538	6
Chicago	39	39	.500	7
St. Louis	37	47	.438	10½
Pittsburgh	39	44	.470	11½
Chicago	35	49	.417	16
WEST DIVISION				(14) Houston
San Diego	53	30	.639	0
San Francisco	46	36	.561	5½
Los Angeles	40	42	.488	12½
Colorado	37	47	.440	14
St. Louis	29	54	.349	24
THURSDAY LEADERS				(15) Alan Z
INTERLEAGUE				(16) Kansas City
San Diego	810	101	222-10-1	1
Atlanta	801	102	242-12-2	2
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## Flight Path of Fast-Moving Star

Hard Choices Now Confront 18-Year-Old Owen, England's Hero

By Rob Hughes  
International Herald Tribune

PARIS — Do you get the impression that the stars of soccer, ordinary though they may be beneath their national colors, move in a different way, at a different speed than the rest of us?

England's best team flew home to London in time for tea on Wednesday

### VANTAGE POINT

—by Concorde of course. It was a photo opportunity for the airline, a comfortable ride for the players and in terms of speed it represents the ultimate.

So, it seems, to the youngest passenger, Michael Owen, England's 18-year-old striker, made one goal against Argentina in Saint Etienne on Tuesday night with an artful fall for a penalty, then scored one of the most scintillating goals of this or any World Cup. In a vanquished team, he is a new hero. In a tournament of older — by sporting standards sometimes elderly — men, he is a baby.

Yet, around the soccer world there was an intake of breath on Tuesday when he was with the ball. Ton swift was Owen for Jose Chamot. Too clever for Roberto Ayala. Too sharp with his right-foot shot for goalkeeper Carlos Roa.

Owen flew over the 40 meters with the speed of an Olympic sprinter. His young and therefore uninhibited dash brought fear and panic into the eyes of defenders who are seasoned Italian club players and have close to 40 international caps apiece. Astonishing that one

so young and so free could command such a stage.

It could be that Owen's impact on a World Cup is the biggest since Pele's in 1958. Not that Owen is a genius, like Diego Maradona, or yet a proven international, like Ronaldo who, for heaven's sake, is a veteran of 21. The impact is exaggerated because, outside of soccer's circles, Owen was little known.

Maradona, for example, was crying tears for Argentina when, in 1978, he was left on the sidelines. Four years later, having reached manhood in the eyes of the national coach, Maradona was thrust into the World Cup in Spain. He betrayed his excitable state, being red carded for a retaliatory kick.

This Tuesday, an Englishman fell for the same petulant reaction. David Beckham, talented but temperamental, was sent off a minute after half time for a sly (or so he thought) kick.

To say it was foolish understates the act. Beckham had been fouled from behind by Diego Simeone but had been awarded a foul. Indeed referee Kim Nielsen, a Dane who was rather impressive until FIFA's latest authoritarian statements appeared to afflict his judgment, was already showing the yellow card to Simeone when Beckham, flat out of the ground, flicked his boot at Simeone's calf.

Nielsen, who earlier gave dubious penalties, had on option but to send off England's Spice Boy. The red card, and the depletion of England to 10 men against 11, destroyed what had been a dramatically poised match. The score stood at 2-2 when Beckham betrayed his

countrymen. His apology Wednesday came too late, for even though England was heroic, especially the warriors Paul Ince and Sol Campbell, it was heroism under siege.

Argentina could not break the English resolve but — a familiar tale this to England — won the dreaded penalty shoot-out. Not for the first, nor the second, but for the third time England went out of a major tournament because unprepared players could not calm their nerve and hit the net from 12 yards.

As Beckham became the subject of television psychoanalysts, as he paid his \$2,000 FIFA fine and flew on with the Concorde, following his celebrity girlfriend Posh Spice to New York, he was forgotten around Heathrow Airport. The kids, and the grownups, who gathered to greet the England players as if they were returning from the Falklands, were flocking to Michael.

Young Owen was coming home, and home is a stable base for a young man who, not yet of Beckham's multimillionaire status, not yet distracted by a girl in high places, has the world before him. Agents will flock to his door, will try to lure him from Liverpool, where he has had one spectacular scoring season and six years' steady mition.

But home is not the soccer club. Owen is the son of Terry Owen who, at 17, began a precocious professional career of his own, at nearby Everton. Owen Senior pestered out into lower league soccer.

Terry Owen can keep Michael's feet on the ground. He can advise the teenager against the temptations oow surely heading their way because all clubs



Michael Owen preparing to finish off his dazzling run with a goal against the Argentine goalie, Carlos Roa.

everywhere, will have seen the astonishing quickness that makes defenders tremble, and seen too the artful way the youngest player in the tournament hoodwinked an experienced referee to gain a penalty.

They may not be aware that, already, Owen has two red cards on his record,

for a petulant head-butt and a spiteful foul. What happened to Beckham might serve as a lesson to Owen; what happened to his father's career should also register.

Those he trusts will be wrestling with the dilemma of cashing in on instant fame, taking the money and building the

bank account while he is fit and fresh. Or resisting the distractions and settling down to home cooking and going back to his Liverpool finishing school. Fame, for the sporting wunderkind, cuts all ways.

Rob Hughes is Sports Correspondent of The Times of London.

## In a Long Night of Epic Exploits, an Abundance of Heartbreak and Elation

### English Fans Are Once More Shattered by Defeat

By Jennifer Frey  
and Anne Swardson  
Washington Post Service

The St. George cross painted on Shawn O'Keefe's face was streaked and smeared, wiped partially off on his friend's white dress shirt and on the back of his own right hand, and distorted by a stream of his sweat and tears.

"I don't know why it has to happen every time, every time," O'Keefe said, standing outside a pub in Piccadilly Circus in London. "It seems it is our lot in life."

Devastated English fans poured out of pubs and restaurants and homes and into the streets of London late Tuesday, their faith shattered once again by a dramatic World Cup loss by their beloved national soccer team. Representing the nation that invented the sport but has won its greatest prize — the World Cup — only once, the English team played Argentina to a 2-2 draw through 90 minutes of regulation and 30 minutes of sudden-death

overtime before losing, 4-3, in a penalty-kick shoot-out in Saint-Etienne, France.

The players "have given everything for their country," said England's coach, Glenn Hoddle, whose team had played with 10 men to Argentina's 11 after the midfielder David Beckham was ejected two minutes into the second half. "They should be very proud of their performance."

In the stands, the previously raucous English fans grew quiet as the minutes passed and the English players kept pushing the ball down to the Argentina goal, nearly scoring on several occasions.

After the game, the English fans slipped away, but the Argentines stayed in the stadium, singing, chanting and waving banners.

Riot policemen stood about at case, helmets hung on their hips, as a few hangers-on lingered. The police said there were 18 arrests before the game and 21 after, for such offenses as public drunkenness, picking pockets and throwing bottles.

Earlier in the afternoon, the ambience in Saint-Etienne was far warmer than that preceding England's last game, in Lens. There, a 24-hour alcohol ban covered the entire region — and many English fans sat glumly on curbs all afternoon with nothing to do and nothing to drink.

The center of Saint-Etienne, a city of 450,000, throbbled with activity. There was a rock concert in one of the central squares, and all around it stands sold sandwiches, ice cream and, as signs proclaimed in English, "Fresh Beer." The prefect of the region, Jean-Yves Audo, said he had decided not to impose an all-day alcohol ban because the police would waste too much time enforcing it. Instead, bars were ordered to close immediately after the game and a reinforced contingent of 1,500 policemen was on hand.

In The Glasshouse, a pub near Piccadilly Circus in London, the Argentine goalkeeper Carlos Roa's decisive save on David Batty's penalty shot — England's fifth, and final, one of the tie-breaker —



A young fan displaying his allegiance before the match.

seemed to suck the air out of the barroom, which was packed with patrons craning to watch two television sets. "The nation has been

brought to its knees again," Terry Fenwick, a member of England's 1986 Cup team, said in a television interview. "It seems as if we're jinxed."

### Joy Fills the Streets of Soccer-Mad Buenos Aires

By Anthony Faiola  
Washington Post Service

BUENOS AIRES — It's 4 P.M. in the world's 10th-largest metropolis — a time when this city of 14 million is usually crazed with activity — but on this day someone might as well have hung up a sign that said: "Closed for the World Cup. Be back in two hours."

As the Argentine team edged its way to victory on Tuesday, time essentially stopped, turning this teeming capital into a ghost town. The nation became one with its televisions and radios, glued to a soccer game in France, half a world away. Surgery in hospitals was postponed. Businesses did no business. Legislators locked themselves in their offices.

Departures at the international airport were delayed. The rapid tango of the Buenos Aires Stock Exchange ground to a halt.

Then, the floodgates opened with a word: "Goosaaa!" Argentina had just triumphed in its latest war with England, this time on the soccer field, and Buenos Aires collectively erupted in a startling break of calm. Screams and shouts of joy echoed down its grand boulevards as perfect strangers ran into the streets and danced together, many with flags painted with the colors of the Argentine flag.

Confetti fell from every office building. High-level executives and shoeshine men blew plastic trumpets in unison.

Alberto Berrucci, 54, a cellular-phone salesman celebrating around the Argentine Obelisk in central Buenos Aires, where thousands of fans congregated after England's defeat.

The fervor in Argentina reflects a planet gone mad with World Cup fever. More Britons watched England lose to Argentina in a penalty shoot-out on Tuesday night than saw Prince Charles marry Lady Diana in 1981. The Parliament in the Republic of Georgia broke off debate to watch the opening match, when Brazil beat Scotland, 2-1. In Chile, television sales soared 20 percent during the World Cup, and President Eduardo Frei gave a nationally broadcast speech dedicated to the national team, which had advanced to the second round for first time in 36 years.

For developing nations — and especially those in Latin America — these are times of overwhelming national pride. Argentina saw its victory over England as some level of retribution for the defeat the country suffered in the 1982 Falklands War. Colombia, Mexico and Paraguay have put in respectable Cup performances. Flag sales in Argentina have shot up 300 percent during the World Cup.

The World Cup "is the only thing we have that unites all the classes," said Laura Coja, who is now selling fabric of the color of the sky-blue Argentine flag in a huge roll outside her hat store.

"It doesn't matter if you're rich or poor. Everyone is together, everyone has pride in the nation in a way that politics has never united us here."

### ENGLAND: Flair and Flops Mark a Match Heavy With History

Continued from Page 1

of Maradona and permitted the goal that beat England in a quarterfinal. This time, Nielsen, under orders to keep law and order, waved a red card, tossing Beckham out of the game. A yellow warning card would have more than sufficed.

The display of authority meant England would play virtually one hour and 15 minutes a man short. It also meant that Owen's wonderful darts and dashes were finished, because he had to stay home and help on defense.

The two teams wobbled to a 2-2 tie and then they indulged in the only humane

tie-breaker known to man, the penalty-kick shoot-out, as haphazard as buying a lottery ticket.

The English fans went out defeated into the dewy mountain night, outside the walls and gates, where phalanxes of police and dogs and horses and chemical sprays awaited any larger louts who crossed the line.

There was a history to this game, this rivalry, this resentment, this "vendetta," that word that Hoddle hates. This was not just some random soccer pairing, some Denmark-Nigeria game. This was a reverberation of the nasty little episode in 1982 called the Falklands War by the British and the Malvinas War by the Argentines.

Then there came a World Cup encounter, on June 22, 1986, in Mexico City, when Maradona punched in one goal with his hand and scored a second with a glorious hipper-dipper run through six or seven British defenders. Gary Lineker later scored for England, but Argentina would go on to win the World Cup.

Argentine fans still

chanted, "Argentina without Maradona is like a dance without women," but his drug- and scandal-aded career is over. "We want to be original," said Daniel Passarella, the Argentine coach, who was a teammate of Maradona's in 1986. "We won't do a Maradona. We'll do our best to practice fair play."

The English coach also was on the field that day in 1986. "It was an even game until Maradona scored with a hand ball," Hoddle recalled this week. "Without that, Argentina would not have won. Sure, the second goal by Maradona was extraordinary, but he never would have scored that killer goal if the score had been 0-0."

Hoddle also recalled how he and Maradona happened to be called in for the random drug testing after the game. "We didn't talk, as I remember, but we shook hands," he said. "I remember standing next to me was Terry Butcher, and he was in another state."

Butcher had wanted to strangle Maradona, in fact, but somehow refrained.

"It took me two or three days before I could find any serenity," Hoddle said. "I was on vacation when Argentina played Germany in the finals. I saw the game at the beach, with 11 Germans, and I don't have to tell you who I rooted for."

Hoddle will have to watch the World Cup on the tube again this year, thinking about the bit of mutual foolishness that took Michael Owen and England out of another World Cup.

**A Red-Card Record**  
Beckham was the 17th player to be sent off at the 1998 tournament, a record for World Cup finals. Reuters reported from Paris.

Alan Shearer's penalty for England was the 147th goal of the tournament, setting a World Cup finals record; 146 goals were scored in 1982.

The penalty shoot-out was the 12th in World Cup finals and the fifth between South American and European teams. Since France beat Brazil in the first such decider in 1986, the South Americans have always won.

### CROSSWORD

#### ACROSS

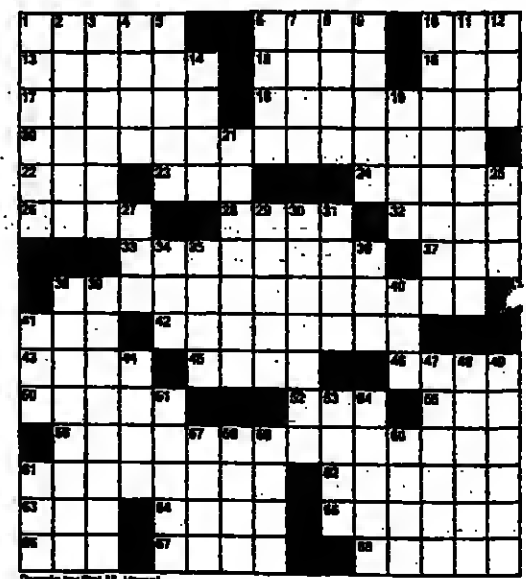
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- 8 Cries of aversion
- 10 One of the finest
- 13 Assassination
- 15 Santa's coat?
- 16 Llac or lemon, e.g.
- 17 Kipling's "The — of the Species"
- 18 One available in Avila
- 20 Hero of many old time novels
- 22 Tikhonov of hockey
- 23 — Miguel
- 24 Kind of days
- 26 "Spartacus" setting
- 28 Social
- 29 Japanese soup
- 30 Poe classic
- 31 Schedule letters
- 34 Make cry
- 41 J.F.K.'s U.N. ambassador
- 42 Shepherd, of a sort
- 43 Shelter grp.
- 45 Rocketer's org.?
- 46 John Paul, e.g., to the Italians

#### Solution to Puzzle of July 1

POST SPAR AMES  
REPO SHORE LESS  
EVAN MISSPRINTS  
FER OIES SARTA  
ARKWELDER WENTA  
SALVAGE ALP OIG  
LETS BAGE ALSO  
TENNISPEED  
SPRY COPY RAIN  
ORO OOO SUNOAE  
COMIC PENNPOINT  
BANTU WAIT AKU  
CONNARTIST AMIO  
ONCE GENTS PINE  
OGER EGGY ENGS

#### DOWN

- 2 Reaves of "Chish Reaction"
- 3 One that brings in the bucks?
- 4 Dystopian 1920 play
- 5 N.B.A. All-Star
- 6 Light home-drawn carriage
- 7 High-hat
- 8 Across offering
- 9 Like many orgs.
- 10 Prickly plant
- 11 "What — you saying?"
- 12 One of the Durbeyfields
- 13 Brace, with "up"
- 14 Champagne
- 15 Stationer's order
- 16 Menu heading
- 17 1950 film noir thriller
- 18 Schedule board abbr.
- 19 Bother badly
- 20 Popular salad ingredient
- 21 Dickens's — Pockinoff
- 22 March syllable
- 23 Tannish
- 24 Part of an extended name
- 25 Twice-convicted felon
- 26 Snowball
- 27 Artist in the Circle at Carré group
- 28 "Don't —!"
- 29 Prolific poet?
- 30 Songlike
- 31 Boat propeller, of a sort
- 32 Like some socke
- 33 Missed, as a target
- 34 Depose
- 35 Cousins of ospreys
- 36 Belt
- 37 Survives



Puzzle by Pat M. Hagan

See our  
International  
Franchises  
every Wednesday  
in The Intermarket

# World Cup Quarter Finals

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ART BUCHWALD

## The Whole Truth

WASHINGTON—Many people are wondering why Ken Starr has to keep calling back the same witnesses time and time again. Here is what is going on based on grand jury transcripts leaked to me by a source who shall remain nameless, even if I have to go to jail to protect him.

"Mr. Stew Grubman, could you please tell us if you ever saw the president and Monica Lewinsky alone in the White House?"

"No, I did not."

"Thank you, we will call you back."

Three weeks later. "Good morning, Mr. Grubman. Would you be kind enough to respond to this question: Did you ever see the president and Monica Lewinsky alone in the White House?"

"I answered that question the last time."

"Yes, but this time I would like to remind you that you are under oath, and if you perjure yourself you could get up to 10 years in solitary confinement."

"The answer to your question is, 'No.'"

Two weeks later. "Mr. Grubman, we've called you back to make a deal. If you tell us what a deal is, you will be released from the Oval Office, and you will receive your immunity and 5,000 frequent flyer miles on the airline of your choice."

"I testified I saw nothing."

"And that is your answer in spite of evidence to the contrary?"

"What evidence?"

"We can't tell you that, as these grand jury hearings are secret."

"Would you like to know the names of the books I have bought during the last year?"

"We know the names of the books. You may go, but please return in a month."

One month later.

"Mr. Grubman, the job of the special prosecutor is to dig for justice until he finds it — to spare no one, regardless of political party. Our job is to make sure everyone goes to jail if he or she does not cooperate with our office. Therefore, I would like to ask you the following question: Did you ever see the president and Monica Lewinsky alone together in the White House?"

"No, I didn't."

"You realize we can refuse to allow you to park near the courthouse?"

"Yes."

"Come back next Thursday."

The following Thursday, Stew Grubman opens by reading a statement.

"I have been asked the same question over and over again. I respectfully request that the prosecutor ask me some other questions because I'm getting very bored."

"All right. Let me ask a hypothetical one. If you were in the Oval Office, and the president was in the Oval Office, and Monica Lewinsky was taking dictation — would you then have seen the two of them together?"

"Yes, but I wasn't and they weren't."

"Thank you, please come back next Monday."

## Faith and Science: Is There Common Ground?

By George Johnson  
New York Times Service

NEW YORK — Ever since science began drifting away from religion, centuries ago, each has dreamed of subsuming the other. Scientists, in their boldest moments, speak of explaining away all the mysteries by empirical inquiry, leaving no need for ancient wisdom.

And the faithful, fervently believing in spiritual forces unmeasurable by any meter, have longed for a reality beyond the shadow play of the material realm.

Left between these extremes are many people who are both scientific and religious, and confused about whether a bridge can ever cross the divide. Every few decades, this hope for reconciliation experiences a revival.

The most recent may be the biggest, with books, conferences and television shows trying to find a common ground between two fundamentally different ways of thinking.

In the 1970s scholars tried to merge science with Eastern religion; the emphasis now is on rejoining science with monotheistic, usually Christian, faith.

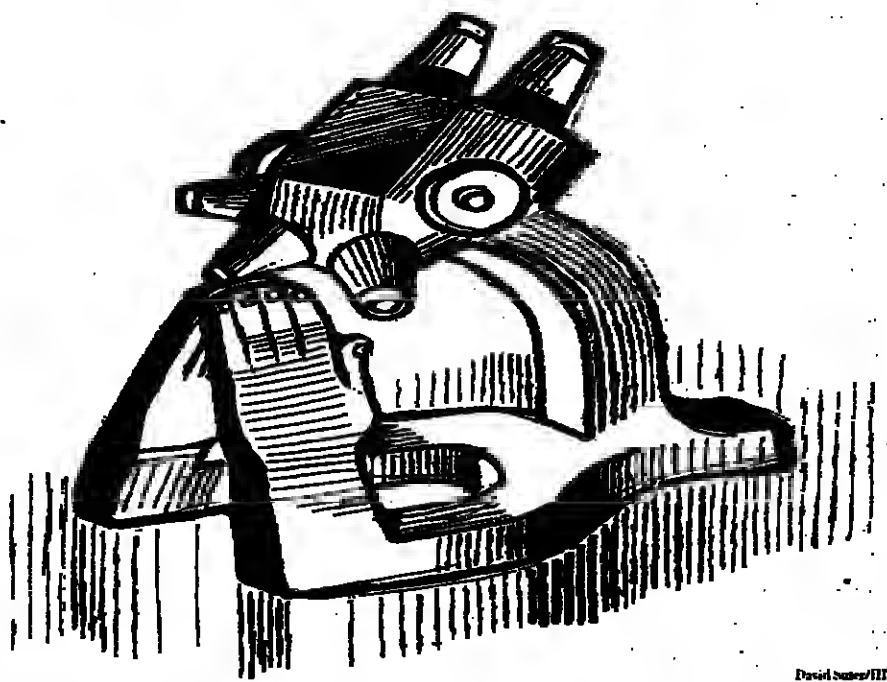
Not all the work is motivated by religious passion. In his book, "Consilience," the Harvard biologist Edward Wilson tries to revive the Enlightenment dream of a unified system of knowledge that would embrace not only the sciences but also morality and ethics, removing them from the uncertainties of religion. His effort is not to make science spiritual but to make religion scientific.

But most of the longing for reconciliation comes from the religious side. With a \$3 million grant from the John Templeton Foundation, which is fueling much of the metaphysics boom, a modest newsletter on science and religion was reborn this year as a glossy magazine called *Science & Spirit*.

"We see a growing number of individuals looking toward religion to explain what science cannot, and asking science to validate religious teachings," said Kevin Sharpe, the publisher.

This fall, PBS television will broadcast "Faith and Reason," a documentary partly financed with \$190,000 from the Templeton Foundation, featuring interviews with scientists about God.

One of the most conspicuous events was the heavily promoted conference called "Science and the Spiritual Quest," held last month in Berkeley, California, by the Center for Theology and the Natural Sciences. The



Templeton Foundation gave the center \$1.4 million for the conference.

For four days scientists testified about their efforts to resolve personal conflicts over science and religion. All seemed to share the conviction that this is a purposeful universe, that there is a reason to be here.

"Theology is not some airy-fairy form of metaphysical speculation," said John Polkinghorne, a Cambridge University particle physicist turned Anglican priest. Like science, he said, religion is rooted in encounters with reality — though in the latter case encounters include spiritual revelations whose truths lie in the realm of the subjective. The question was whether this kind of experience could ever be studied scientifically.

But for many scientists, the point of the scientific enterprise is to replace religious teachings with verifiable theories. "We're working on building up a complete picture of the universe, which, if we succeed, will be a complete understanding of the universe and everything that's in it," Richard Dawkins, a University of Oxford biologist, said in a preview copy of "Faith and Reason."

Others have found that their search for

objective truth has led them to questions that science cannot answer. "The most amazing thing to me is existence itself," said the cosmologist Allan Sandage at the Berkeley conference. "Why is there something instead of nothing?"

Science, like religion, is ultimately built on a platform of beliefs and assumptions. No one can prove that the universe is mathematical or that the same laws that seem to hold in the here and now can be applied to the distant quasars or to the first moments of time. These are among the tenets of the faith, marking the point at which reasoning can begin.

It is not just the approaching millennium that is inspiring hopes for what would be the greatest unified theory. Faced with science's undeniable success in modeling the world, people find it harder to accept religious teachings that cannot be verified.

Many Christians were disturbed when radiocarbon dating suggested that the Shroud of Turin was not Jesus's burial cloth but a medieval forgery, and they hope that new scientific data will overturn the old research. Even the creationists realized long ago that they can't simply assert that their beliefs are

true because they are written in the Bible. They proffer scientific proof that the universe was created as described in Genesis.

Science, too, is feeling its limits, leaving a vacuum that religion is happy to rush into. Neuroscientists can explain the brain as networks of communicating cells. But it is hard to imagine a satisfying theory of the conscious experience — what it is like to be alive.

And no amount of theorizing is apt to converge on a persuasive explanation of where the mathematical laws are written or what happened before the Big Bang.

For all the genuine philosophical longings, the recent drive to put God back in science would not be nearly so intense without the millions of Templeton dollars looking for places to land. "We are searching for a serious rapprochement between science and religion," Charles Harper, the executive director and vice president of the Templeton Foundation, said at the conference.

The money and the inspiration come from the investor John Marks Templeton, founder of the Templeton Growth Fund and other ventures, who retired in 1992 to work full-time on his philanthropy.

The Center for Theology and the Natural Sciences in Berkeley is receiving \$12.6 million from Templeton to help develop science and religion programs at universities. The American Association for the Advancement of Science received \$1.3 million "to help establish a science and religion dialogue."

But judging from the conference, no amount of money is likely to succeed in blending the two into a common pursuit.

Many of the speakers avoided grappling with religion directly, content to ponder mysteries that have disturbed scientists for decades. The Stanford University cosmologist, Andrei Linde, speculated on the possibility that consciousness, the hallmark of humanity, could be an intrinsic part of the universe. Our subjective experience, he said, is the only thing each of us is really sure of.

The astrophysicist John Barrow of the University of Sussex spoke of the cosmological coincidences that make life possible. If certain physical constants had slightly different values, stars would not have formed to cook up the atoms that made the biological molecules.

Some of the speakers seemed to believe science and religion must inevitably go their separate ways. "I don't go to a biology book to learn how to live," said Sandage. "I don't go to the Bible to learn about science."

## France to Buy American Center

New York Times Service

PARIS — When the new American Center here was inaugurated by Hillary Rodham Clinton in June 1994, the \$41 million building designed by Frank Gehry looked set to become a hothouse of American artistic creativity. Instead, barely 19 months later, the center suspended its activities for lack of funds and its only remaining asset, its ultramodern headquarters in eastern Paris, was put up for sale.

The American Center as such survived as a legal entity, but it could do nothing until it had sold the Gehry building, which stood empty for the best part of 30 months.

On Tuesday, the search for a buyer ended when the Culture Ministry said it planned to acquire the building and turn it into a Maison du Cinema, housing a film library and theaters.

If the deal becomes final in the coming weeks, as expected, it will conclude the most painful and embarrassing chapter in the center's 67-year history and the beginning of a

new era in which the revenues from the sale will be used to create a fund to promote American culture. But no longer will there be a physical location where American and French students and artists can gather.

The American Center can now prepare to continue its "mission of supporting cultural, educational and artistic activities," its chairman, Frederick Henry, said in an interview Tuesday.

French officials refused to give the exact purchase price, although they estimated the cost of buying and adapting the building at about \$34 million. They said renovating it would cost about \$13 million, which would place the proposed purchase price at close to \$21 million.

The \$20 million difference between the Gehry building's original cost and its current market value is the price the American Center has paid for selling its Left Bank home and constructing a new headquarters. Its mistake was to count on donations for the \$6 million annual cost of running it.

BRITAIN will have to come up with more cash for the Royal Opera House if it wants the nation's cultural institution to continue. In a report on the opera and ballet house at London's Covent Garden, Sir Richard Eyre, former director of the National Theatre, accused the house management of "arrogance and presumption" in its dealings with public funds. But he said it still needed more public funding to stay alive. There have been suggestions that the government's annual £14.4 million (\$24 million) grant should be doubled. Eyre, who was asked by Culture Secretary Chris Smith to look into the way the opera house is run, rejected Smith's suggestion that it should share premises with the English National Opera company to save money. Eyre also said greater access to the opera for ordinary people was vital, and could be achieved by reducing ticket prices, currently at about £200.

Paula Yates, the companion of the late Australian rock star Michael Hutchence, was recovering in a private

clinic after a friend found her at her London home in a distressed state. Hutchence, front man for INXS, was found hanged last November in a Sydney hotel. Press reports variously said that Yates, 38, had tried to kill herself with a drug overdose or by hanging. An ambulance service spokesman said that she did not need to be taken to the hospital and was treated at the scene.

Barbra Streisand and the actor James Brolin were to tie the knot this week at her beachfront estate in Malibu, California, a Los Angeles television station reported. The station cited Streisand's publicist, Dick Guttman, asking news media helicopters not to fly over the entertainer's home on the day of the wedding. "The wedding is a sacred event," Guttman told NBC. "They want to hear the words."

Ris Lacoste, a chef at 1789 Restaurant in Washington, is offering a

\$1,000 reward for the return of a tabletop once used by Julia Child. The top is part of a beige Formica cooking table made for Child by her husband, Paul, in the 1950s, and features the motto "Bon Appetit, Julia Child." Child used the table during traveling cooking demonstrations. It was sold at auction last summer to a public relations firm, which shipped the dismantled table — but only the legs arrived. Lacoste said Child wanted to make sure the tabletop got back in safe hands.

Monster grosses lead to monster sequels. So after the first two "Jurassic Park" films generated more than \$1.5 billion in worldwide box-office revenue, Universal Pictures and Steven Spielberg's Amblin Entertainment are joining forces to batch a third. Spielberg will produce but not direct. Michael Crichton, who wrote the best-selling novel that led to the first "Jurassic Park" film in 1993, is developing the story. Listen for heavy footsteps around the summer of 2000.



HONG KONG MUSIC — The pop singer Andy Lau, left, performing with the saxophonist Kenny G.

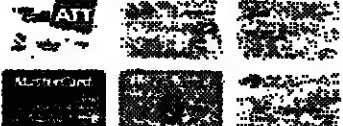


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